

THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek immediately your own personal independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) or, if you are taking advice in a territory outside the United Kingdom, an appropriately authorised independent financial adviser in the relevant territory.

If you have sold or otherwise transferred all of your shares in Watford Leisure PLC ("Watford Leisure" or the "Company"), please forward this letter as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or transferred only part of your holding of shares in Watford Leisure, you should retain this letter and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

Strand Hanson Limited ("Strand Hanson"), which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively as financial adviser to Watford Leisure and no one else in connection with the possible offer and will not be responsible to anyone other than Watford Leisure for providing the protections afforded to clients of Strand Hanson or for providing advice in relation to the possible offer.

Watford Leisure PLC

(Incorporated and registered in England under the Companies Act 1985, with registered number 03335610)



Directors:

Graham Taylor (Non-executive Chairman)
Julian Winter (Chief Executive Officer)
David Bernard Fransen (Non-executive Director)
Stuart Read Timperley (Non-executive Director)

Registered office:
Vicarage Road Stadium
Watford
Hertfordshire
WD18 0ER

7th December 2010

To the holders of ordinary shares in Watford Leisure and, for information purposes only, the holders of warrants over ordinary shares

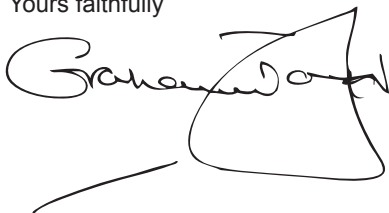
Dear Shareholder

In accordance with Rule 2.6(a) of the City Code on Takeovers and Mergers (the "Code"), you will find enclosed a copy of a press announcement released by Watford Leisure on 3 December 2010 noting the recent media speculation referencing discussions between the largest shareholder in the Company and a potential buyer of his shares, which acquisition would then require an offer to be made for the Company, and confirming that the Company is aware of such discussions but that they are at a very early stage and there can be no certainty that an offer for the Company will be forthcoming. A further announcement will be made as and when appropriate. Shareholders need take no further action at this stage.

A copy of the announcement can also be found on Watford Leisure's website at www.watfordleisureplc.com.

Please note that addresses, electronic addresses and certain other information provided by you for the receipt of communications from Watford Leisure may be provided to an offeror during the offer period as required under Section 4 of Appendix 4 to the City Code.

Yours faithfully



Graham Taylor
Non-executive Chairman

The directors of Watford Leisure accept responsibility for the information contained in this letter and the attached press announcement released by Watford Leisure. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this letter and the attached press announcement released by Watford Leisure is in accordance with the facts and does not omit anything likely to affect the import of such information.

3 December 2010

**Watford Leisure PLC (“the Company”)
 (“Watford Leisure” or the “Company”)**

Statement re: Recent Media Speculation

The Board of Watford Leisure notes recent media speculation referencing discussions between the largest shareholder in the Company and a potential buyer of his shares, which acquisition would then require an offer to be made for the Company, and confirms that it is aware of such discussions but they are at a very early stage and there can be no certainty that an offer for the Company will be forthcoming.

A further announcement will be made in due course.

In accordance with Rule 2.10 of the City Code on Takeovers and Mergers (the “Code”), Watford Leisure confirms that it currently has 43,885,693 ordinary shares of 1 pence each in issue and admitted to trading on the London Stock Exchange under the ISIN reference GB0034301217.

Enquiries:

Watford Leisure PLC
Tel: 01923 496 000
Graham Taylor, Chairman
Julian Winter, Chief Executive Officer

Strand Hanson Limited
Tel: 020 7409 3494
Rory Murphy / Matthew Chandler

Disclosure Requirements of the Code:

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of Watford Leisure or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified.

An Opening Position Disclosure must contain details of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) Watford Leisure and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of Watford Leisure or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of Watford Leisure or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of Watford Leisure or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) Watford Leisure and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of Watford Leisure or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by Watford Leisure and by any offeror and Dealing Disclosures must also be made by Watford Leisure, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel’s website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel’s Market Surveillance Unit on +44 (0)20 7638 0129.