



**Watford Leisure PLC**  
Vicarage Road Stadium, Watford, Herts, WD18 0ER  
T 0844 856 1881 F 01923 496 001

15th November 2010

Dear Shareholder,

**Watford Leisure PLC (“the Company”)  
Notice of Annual General Meeting**

Please find accompanying this letter a notice convening the Annual General Meeting to be held at 6.30 pm on Monday, 13th December 2010 at Vicarage Road Stadium, Watford, Hertfordshire WD18 0ER.

You will see that in addition to the usual business of the Annual General Meeting we are also proposing a special resolution to authorise the directors of the Company to allot shares or other securities on a non pre-emptive basis.

**Authority to allot shares or other securities**

At the Extraordinary General Meeting of the Company held on 17 May 2010 (“EGM”), a special resolution was passed authorising the directors to allot shares or other securities of the Company up to an aggregate nominal amount of £2,398,488.54, without having first to offer them to shareholders in proportion to their existing holdings (the “May Authority”). This enabled the directors in July this year to issue £10.142 million of secured bonds with detachable warrants (“Warrants”) to subscribe for new ordinary shares of 1p each in the Company (“Ordinary Shares”).

In addition, as explained in the circular sent by the Company to shareholders on 28 April 2010 (which contained notice of the EGM), the May Authority permitted the directors to allot further shares, or other relevant securities, up to an aggregate nominal amount of £370,088.54, without having first to offer them to shareholders in proportion to their existing holdings (the “Additional Authority”). The Additional Authority was intended to provide the directors with the flexibility, should they require it, to issue shares in the Company, and/or rights to subscribe for shares, to raise additional working capital without having to incur the time and cost of convening a further extraordinary general meeting.

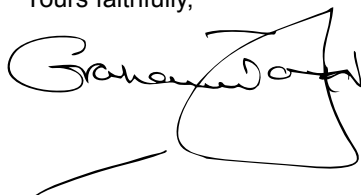
The Additional Authority will expire at the AGM. Resolution 4, which will be proposed as a special resolution, renews the Additional Authority. If Resolution 4 is passed, the renewed Additional Authority will expire on the earlier of the date falling 12 months after the date the resolution is passed and the conclusion of the Company’s next annual general meeting.

The Company currently has 43,885,693 Ordinary Shares in issue (the “Existing Share Capital”). If all the Warrants were exercised, the Company would have 246,725,693 Ordinary Shares in issue (the “Enlarged Share Capital”). The Additional Authority permits the directors to issue up to a further 37,008,854 Ordinary Shares, which represents 84.3% of the Existing Share Capital and 15% of the Enlarged Share Capital.

## Recommendation

The directors of the Company consider that all the proposals to be considered at the Annual General Meeting are in the best interests of the Company and its members as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole. The directors therefore unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do in respect of their own beneficial holdings.

Yours faithfully,



Graham Taylor  
Chairman