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If you have sold or transferred all of your Ordinary Shares in Sheffield United plc (“**Company**”), please send this document, together with the accompanying form of proxy, immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The directors of the Company (“**Directors**”) whose names appear on page 4, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

KBC Peel Hunt, which is regulated by the Financial Services Authority, is acting as nominated adviser to the Company and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of KBC Peel Hunt or for advising any other person on the contents of this document or any other matter referred to herein.

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## **SHEFFIELD UNITED PLC**

*(Registered and incorporated in England and Wales with registered number: 396956)*

### **FUNDRAISING OF £10 MILLION (BEFORE EXPENSES) BY WAY OF PROPOSED ISSUE OF CONVERTIBLE LOAN NOTES**

**AND**

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A letter from the Deputy Chairman of the Company explaining the background to and the reasons for the proposed Convertible Loan Notes Issue is set out on pages 4 to 10 of this document.

A notice convening an extraordinary general meeting of the Company to be held at the Platinum Suite, Bramall Lane, Sheffield, S2 4SU, at 11.30am on 29 December 2006, is set out at the end of this document. A form of proxy for use at the meeting is enclosed with this document and should be completed, signed and returned in accordance with the instructions thereon as soon as possible but in any event so as to be received by the Company’s registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, by not later than 11.30am on 27 December 2006. The completion and return of a form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting should you wish to do so.

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## DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

<b>“Act”</b>	the Companies Act 1985 (as amended)
<b>“AIM”</b>	the Alternative Investment Market of the London Stock Exchange
<b>“AIM Rules”</b>	the rules for AIM companies and their nominated advisers published by the London Stock Exchange from time to time
<b>“Bank of Scotland”</b>	the Governor and Company of the Bank of Scotland, a subsidiary of HBOS plc
<b>“Board”</b>	the board of directors of the Company
<b>“City Code”</b>	The City Code on Takeovers and Mergers
<b>“Club”</b>	The Sheffield United Football Club Limited
<b>“Convertible Loan Notes”</b>	the £10,000,000 Floating Rate Secured Subordinated Convertible Redeemable Loan Notes 2007 proposed to be issued for cash at the Issue Price
<b>“Convertible Loan Notes Issue”</b>	the proposed subscription for the Convertible Loan Notes by the Scarborough Investors
<b>“Convertible Loan Notes Instrument”</b>	the deed constituting the Convertible Loan Notes, proposed to be executed by the Company
<b>“Directors”</b>	the directors of the Company, whose names are set out on page 4 of this document
<b>“Extraordinary General Meeting” or “EGM”</b>	the extraordinary general meeting of the Company, notice of which is set out at the end of this document
<b>“Form of Proxy”</b>	the form of proxy for use at the Extraordinary General Meeting which accompanies this document
<b>“Fundraising”</b>	the proposed fundraising by the Company by way of the Convertible Loan Notes Issue
<b>“Group”</b>	the Company and its subsidiary undertakings
<b>“Independent Directors”</b>	the Directors other than K C McCabe
<b>“Issue Price”</b>	£1 payable for each £1 nominal of Convertible Loan Notes to be issued
<b>“KBC Peel Hunt”</b>	KBC Peel Hunt Limited
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Ordinary Shares”</b>	ordinary shares of 10 pence each in the share capital of the Company
<b>“Premiership”</b>	The Football Association Premier League
<b>“Premier League”</b>	The Football Association Premier League Limited
<b>“Resolutions”</b>	the resolutions set out in the notice of the EGM
<b>“Scarborough Investors”</b>	Scarborough Property Company plc, SDG Caledonia Limited and SDG Property Holdings Limited, all of which are companies directly or indirectly controlled by KC McCabe, his immediate family and/or related trusts
<b>“Shareholders”</b>	the holders of Ordinary Shares

## LETTER FROM THE DEPUTY CHAIRMAN

# Sheffield United plc

*(Incorporated and registered in England and Wales – No. 396956)*

*Directors:*

Kevin Charles McCabe (*Chairman*)  
Michael Douglas Dudley (*Deputy Chairman*)  
Jason Rockett (*Chief Executive*)  
Mark Thomas Fenoughty (*Chief Operating Officer*)  
Andrew James Laver (*Non-executive Director*)  
John Lewis Burnley (*Non-executive Director*)

*Registered and head office:*

Bramall Lane  
Sheffield S2 4SU

6 December 2006

*To Shareholders*

Dear Shareholder

### **FUNDRAISING TO RAISE £10 MILLION (BEFORE EXPENSES) AND NOTICE OF EGM**

#### **Introduction**

The Company has today announced proposals for a capital raising to provide the Company with additional funds to enable certain investments in order to develop the business of the Group. The Company is proposing to raise £10 million before expenses on the basis set out herein. This is to be achieved by means of the Convertible Loan Notes Issue to the Scarborough Investors, a group of investors comprising Scarborough Property Company plc, SDG Caledonia Limited and SDG Property Holdings Limited, all of which are companies directly or indirectly controlled by K C McCabe, his immediate family and/or related trusts.

Due to the size of the Fundraising relative to the Company's existing authority to allot securities otherwise than on a pre-emptive basis, the Fundraising is conditional upon the passing of the Resolutions by the Company's Shareholders at an Extraordinary General Meeting.

The purpose of this document is to provide you with information about the Fundraising, to explain the background to the Fundraising, to set out the reasons why the Directors believe that the Fundraising is in the best interests of the Company and its Shareholders as a whole and to seek your approval to the Resolutions to be proposed at the EGM. Notice of the EGM which is to be held at 11.30am on 29 December 2006, at the Platinum Suite, Bramall Lane, Sheffield S2 4SU, at which the Resolutions will be proposed, is set out at the end of this document.

#### **Reasons for the Fundraising and use of proceeds**

The Club currently occupies 16th position in the Premiership. The Directors believe that retaining Premiership status will be greatly assisted by strengthening of the first team playing squad. In July 2006, funding of £10 million was secured from the Bank of Scotland for investment in the first team squad. At that time, the Bank of Scotland confirmed that no further debt would be provided to the Group for the funding of football activities. Since the start of the 2006/2007 season in August 2006, results on the pitch have left the Club in 16th position in the Premiership, three points outside of a relegation position, and the Directors are of the opinion that further investment in the first team squad is required in the transfer window in January 2007 to improve the chances of retaining Premiership status. In the absence of any further funding from the Bank of Scotland, the Scarborough Investors have agreed to provide funding of £10 million before expenses by conditionally agreeing to subscribe for the Convertible Loan Notes. It is proposed that up to £5 million of the proceeds received from the Fundraising will be invested in new players for the first team squad by way of transfer fees and additional wages.

Over the past 18 months, the Group has embarked on a strategy of developing diversified business interests, the financial performance of which are not reliant upon success on the pitch. In March 2005, the Group invested in United Scarborough Estates Group Limited (“USE”), a joint venture company with SPC Group plc. USE has bought and sold properties since its inception, generating profits before interest for the Group of £2.5 million in the year to 30 June 2006. The Directors have agreed, in principle, that the Group should invest in a further two joint ventures expected to be with Scarborough Property Developments Limited and Scarborough International Holdings BV respectively, with the intention of generating further profits from diversified activities for the Group. United Scarborough Developments Group Limited, the first of these joint ventures, of which the Company proposes to have a 50 per cent. interest, is expected to invest in property developments in the UK and Sheffield United Realty BV, the second of these joint ventures of which the Company intends to have a 50 per cent. interest, is expected to invest in property activities in China. The remainder of the net proceeds received from the Fundraising will be used by the Group to invest in the equity of these two joint ventures.

The Directors have decided not to offer all Shareholders the opportunity to subscribe for the Convertible Loan Notes, given the relatively small amounts raised from Shareholders (other than Directors) through previous open offers and in order to save the additional cost and delay associated with the production of a prospectus in connection with such an offer which the Directors believe would not have been in the best interests of the Company. In 2003, the Company raised approximately £4 million from an open offer of new shares of which approximately £3.6 million was provided by certain of the Directors and by certain directors and a former director of the Club and approximately £0.4 million by other Shareholders. In September 2004 the Company raised approximately £5.3 million from an open offer of new shares of which £5.1 million was provided by certain of the Directors and a director of the Club and approximately £0.2 million by other Shareholders. In 2006, the Company raised approximately £10.4 million from an open offer of new shares of which approximately £8.6 million was provided by the Directors and approximately £1.8 million by other Shareholders. With the exception of Kevin McCabe through the Scarborough Investors (which he controls with his immediate family and related trusts), all existing Directors have confirmed that they are unwilling to contribute materially to a capital raising exercise. The costs of an open offer are significantly in excess of those associated with capital raising from a very limited number of subscribers. In 2006, the costs of the most recent open offer were approximately £227,000. On the basis of the results of previous open offers and the time period it takes to produce and obtain regulatory approval for a prospectus, the Directors have concluded that subscriptions from Shareholders for an open offer may not have generated funds to cover the additional costs associated with an open offer and given the amount of time until the January 2007 transfer window it was believed that any funds received from an open offer would not have been received in time to be used in the January 2007 transfer window.

### **Current trading**

The Club currently occupies 16th position in the Premiership. In July 2006, the Premier League announced that contracts for televised Premiership matches had been concluded that will result in an increase in television revenues to Premiership clubs of 55 per cent. compared to the 2006/07 season.

On 25 October 2006, the Group announced its preliminary results and on 24 November 2006 the annual report and accounts of the Group for the year ended 30 June 2006 were issued to Shareholders.

### **Particulars of terms and conditions of the Convertible Loan Notes**

The Convertible Loan Notes will be issued in multiples of £1, will be created by a resolution of the Board and will be constituted as secured obligations of the Company by the Convertible Loan Notes Instrument proposed to be executed by the Company. A copy of the Convertible Loan Notes Instrument, when executed, will be available for inspection by a holder of Convertible Loan Notes and any person authorised by them at all reasonable times during office hours at the registered office of the Company.

The Convertible Loan Notes Instrument will contain provisions, *inter alia*, to the following effect:

**1. Status**

The Convertible Loan Notes shall rank *pari passu* amongst themselves and as a secured obligation of the Company secured by a floating charge over all the undertaking and assets of the Company to be executed by the Company in favour of Scarborough Property Company plc as security trustee ("Security Trustee") who is to hold the security together with the proceeds upon trust for the Scarborough Investors in accordance with the terms of a security trust deed proposed to be entered into between (1) the Security Trustee, (2) the Scarborough Investors and (3) the Company subject to the terms of the inter-creditor deed referred to in paragraph 9 below (the "Inter-creditor Deed"), the Security Trustee can only enforce the floating charge if any of the events referred to in paragraph 5 below have occurred and it is instructed to do so by the holders of the Convertible Loan Notes who hold not less than 75 per cent. of the nominal amount of the Convertible Loan Notes.

No application will be made for the admission of the Convertible Loan Notes to, or to trading on, any market wherever situated or for the admission of the Convertible Loan Notes to listing on any official or otherwise prescribed list maintained by a competent or otherwise prescribed listing authority.

**2. Interest**

Subject to the terms of the Inter-creditor Deed referred to in paragraph 9 below, the Company shall pay interest on the principal amount of the Convertible Loan Notes, together with any accrued but unpaid interest, at 3 per cent. per annum above the base lending rate of the Bank of Scotland from time to time (calculated on a day to day basis) less any tax required to be deducted by law and payable monthly in arrears on the last business day in each month provided that the first payment of interest on the Convertible Loan Notes, which will be made on 31 January 2007, will be in respect of the period from the date of issue of the Convertible Loan Notes to 31 January 2007 (both dates inclusive). Interest will be payable until the Convertible Loan Notes are redeemed and/or converted pursuant to the provisions of the Convertible Loan Notes Instrument.

**3. Redemption of the Convertible Loan Notes**

Subject to the terms of the Inter-creditor Deed, the Company shall be entitled, in its absolute discretion and upon giving not less than 7 days prior notice, to redeem at any time (including for the avoidance of doubt on or after 31 March 2007 but on or before 20 April 2007) at par the whole or any part of the Convertible Loan Notes plus any accrued interest outstanding thereon (less any tax required by law to be deducted therefrom).

**4. Conversion of the Convertible Loan Notes**

To the extent that by 31 March 2007 any of the Convertible Loan Notes have not been redeemed, each of the holders of Convertible Loan Notes will automatically and irrevocably be deemed to have given notice at 11.00am (London time) on 31 March 2007 requiring the Company to convert all of its holding of Convertible Loan Notes into Ordinary Shares on the basis (subject to adjustment as provided below) of:

- (a) either (subject in all respects to paragraph (b) below) one Ordinary Share for each relevant principal amount of Convertible Loan Notes held, such relevant principal amount being an amount equal to the lower of (i) 15 pence and (ii) the mid-market price of an issued Ordinary Share at close of business on the business day prior to 31 March 2007 but subject in any event to a minimum of 10 pence (being the par value of the Ordinary Shares); or
- (b) one Ordinary Share for each 15 pence principal amount of Convertible Loan Notes held in the event that as at 11.00am (London time) on 31 March 2007 it is not mathematically certain that the Club will cease to be a member of the Premier League due to the relegation of the Club at the end of the 2006/07 football season,

(such rate as so adjusted from time to time being referred to in this document as the “Conversion Rate”).

Completion of the conversion of Convertible Loan Notes referred to above will take place on 20 April 2007 (or, if later, two business days after final agreement or determination of the number of Ordinary Shares to be allotted upon that conversion).

Such Ordinary Shares as are allotted pursuant to any conversion referred to above shall be treated as being fully paid up and will rank *pari passu* in all respects and form one class with the Ordinary Shares in issue on 20 April 2007, except that they will not rank for any interim or final dividends or other distributions declared, made or paid on the ordinary share capital of the Company by reference to a record date before 20 April 2007.

The registered holders of the Convertible Loan Notes will not be entitled to any fractions of Ordinary Shares, and any such fractions will be disregarded and not allotted as and when the Convertible Loan Notes are converted.

If the Company subdivides, consolidates or makes any capitalisation (but not any other) issue of its Ordinary Shares, then there will be a *pro rata* adjustment to the Conversion Rate to ensure that the rights of conversion of the registered holders of the Convertible Loan Notes are (as nearly as possible) exercisable in respect of the same proportion of Ordinary Shares after such subdivision, consolidation or capitalisation issue as they were immediately prior to it taking place (except that the Conversion Rate shall not be less than the par value of Ordinary Shares for the time being). No adjustment shall be made by reason only of the issue by the Company to a holder of Ordinary Shares in lieu, in whole or part, of any cash dividend of fully paid Ordinary Shares by way of capitalisation of an amount standing to the credit of the profit and loss account or other reserves of the Company.

## **5. Accelerated conversion and related events**

Subject to the terms of the Inter-creditor Deed, the Convertible Loan Notes which are at the relevant time outstanding, may at the election of the holders of Convertible Loan Notes holding not less than 75 per cent. in nominal amount of such notes either (a) become repayable by the Company or (b) shall be converted into Ordinary Shares at the Conversion Rate, following the occurrence of any of the following events in relation to the Company:

- (a) the making of a compulsory winding up order; or
- (b) the appointment of a liquidator on a compulsory liquidation, administrator, receiver, receiver and manager or administrative receiver or similar officer in relation to the whole or any part of its assets, rights or revenues; or
- (c) it proposing or entering into any composition or arrangement with its creditors including a voluntary arrangement under the Insolvency Act 1986.

## **6. Transfer and registration**

The Convertible Loan Notes are not transferable except either (i) with the prior written consent of a resolution passed by a committee of the Board comprising only independent directors of the Company (which for this purpose shall mean the directors of the Company at the relevant time excluding K C McCabe and any other director who is an associate (as defined in the City Code) of either the proposed transferor or proposed transferee of the relevant Convertible Loan Notes (as if the proposed transferor and/or proposed transferee were respectively an offeror or an offeree for the purpose of such definition) or (ii) to any company which is a subsidiary, holding company or holding company of a subsidiary (each a “group company”) of any holder of Convertible Loan Notes or to the shareholders of any holder of Convertible Loan Notes or of any such group company provided always that such transfer is by way of a distribution *in specie* to such shareholders *pari passu* in respect of the solvent reconstruction of the relevant company.

A register of the holders of the Convertible Loan Notes must be kept by the Company.

## **7. Payments**

Any monies payable on or in respect of the Convertible Loan Notes shall be paid by cheque made payable to the order of the registered holder of the Convertible Loan Notes and sent to the registered holder's registered address.

## **8. Variation**

The provisions of the Convertible Loan Notes Instrument and the rights of the registered holders of the Convertible Loan Notes may only be altered, abrogated or added to with the written consent of the Company and the registered holders of the Convertible Loan Notes who hold not less than 75 per cent. in nominal amount of the Convertible Loan Notes or with the consent in writing of the Company and the sanction of an extraordinary resolution passed at a separate meeting of the registered holders of the Convertible Loan Notes.

## **9. Inter-creditor Deed**

Payments of principal of and interest on the Convertible Loan Notes may be made freely in accordance with the terms of the Convertible Loan Notes Instrument unless the Company is prohibited from making any such payments under the terms of the Inter-creditor Deed proposed to be entered into between (1) Bank of Scotland (2) the Company (3) the Company and certain other companies in the Group (4) the Scarborough Investors and (5) Scarborough Property Company plc as security trustee, in which case the Convertible Loan Notes shall be subordinated and subject in right of payment (to the extent set out in the Inter-creditor Deed) to all monies and liabilities from time to time due, owing or incurred to the Bank of Scotland by the Company and certain companies in the Group and payment of any liabilities under the Convertible Loan Notes may be deferred to the extent set out in the Inter-creditor Deed.

The Inter-creditor Deed will contain provisions, *inter alia*, to the effect that payments of principal of and interest made in cash in respect of the Convertible Loan Notes may be made in accordance with the terms of the Convertible Loan Notes Instrument provided that the Company has first obtained the consent of the Bank of Scotland pursuant to the terms of the Inter-creditor Deed but the principal amount of the Convertible Loan Notes may freely be converted into Ordinary Shares of the Company in accordance with the terms of the Convertible Loan Notes Instrument without requiring the prior consent of the Bank of Scotland.

### **Information on the Scarborough Investors**

Scarborough Property Company plc's main business interests encompass property development and investment and management of property through its subsidiary and joint venture undertakings. Its issued ordinary share capital is owned as to 90.97 per cent. by Scarborough Group Holdings plc, which is a wholly owned subsidiary of Scarborough Group Limited, as to 5 per cent. by Uberior Investments plc, as to 1.5 per cent. each by Blairston Investments Limited and John Lewis Burnley and as to 1.03 per cent. by the Scarborough Executive Pension Scheme of which Kevin McCabe and Sandra McCabe are trustees. Its directors are K C McCabe, J L Burnley, C M Di Ciacca, S R McCabe, S C McCabe and D M Tandy.

SDG Caledonia Limited's main business interests encompass the holding of investments in subsidiary undertakings who are engaged in the acquisition, development and resale of properties and land. Its issued ordinary share capital is owned as to 60 per cent. by the White House IIP Trust, of which K C McCabe is a trustee and the beneficiaries are members of K C McCabe's family and 7.5 per cent. by each of C M Di Ciacca and S P McBride, 10 per cent. by J L Burnley and 15 per cent. by D M Tandy. Its director is Europa Director Limited.

SDG Property Holdings Limited's main business interests encompass property trading and development. Its issued ordinary share capital is owned as to 500 A ordinary and 500 B ordinary shares of £1 each, which have full voting rights, by SDG Scotia Limited and 1,000,000 C ordinary shares of one pence each, which

carry no voting rights, by Uberior Investments plc. Its directors are J L Burnley, C M Di Ciacca, S P McBride, K C McCabe, S R McCabe, S C McCabe and D M Tandy.

SDG Scotia Limited is a holding company owned as to 49.43 per cent. by the White House IIP Trust, as to 9.53 per cent. by Scarborough Group Holdings plc, as to 0.57 per cent. by the Scarborough Executive Pension Scheme, as to 0.23 per cent. each by Simon Charles McCabe and Scott Richard McCabe, as to 0.01 per cent. by K C McCabe, as to 7.5 per cent. by S P McBride, as to 7.38 per cent. by Craftglen Limited, as to 0.12 per cent. by John Lewis Burnley and 25 per cent. by the Bank of Scotland Branch Nominees Limited. Its director is Europa Director Limited.

Scarborough Group Holdings plc is an intermediate holding company wholly owned by Scarborough Group Limited. Its directors are K C McCabe and Europa Director Limited.

Scarborough Group Limited is a holding company owned as to 63.23 per cent. by K C McCabe, as to 8.31 per cent. by Sandra McCabe, as to 0.54 per cent. by Scott Richard McCabe and as to 0.54 per cent. by Simon Charles McCabe, as to 6.96 per cent. by the White House IIP Trust and as to 20.42 per cent. by the White House 1992 Trust in respect of both of which trusts K C McCabe is a trustee and the beneficiaries are members of K C McCabe's family. Its director is Europa Director Limited of which K C McCabe, C M Di Ciacca, S R McCabe, S P McBride and D M Tandy are directors.

K C McCabe and his connected persons are currently interested in Ordinary Shares representing approximately 58 per cent. of the issued share capital of the Company. The Scarborough Investors have each agreed to subscribe for approximately one third of the Convertible Loan Notes, conditionally only on the passing of the Resolutions at the EGM. Following completion of the Fundraising, K C McCabe and his connected persons will therefore be interested in Ordinary Shares and, in respect of Convertible Loan Notes, rights to convert into Ordinary Shares, which would in aggregate equate to a maximum of approximately 71.5 per cent. of the enlarged issued share capital if all the Convertible Loan Notes held by the Scarborough Investors were converted into Ordinary Shares (at such Conversion Rate as would create the highest number of Ordinary Shares) and no other Ordinary Shares were issued.

### **Related Party Transaction**

The Scarborough Investors are related parties for the purposes of the AIM Rules and the proposed subscription by the Scarborough Investors for the Convertible Loan Notes is therefore a related party transaction under the AIM Rules. The Independent Directors consider, having consulted with KBC Peel Hunt, that the terms of the Convertible Loan Notes Issue are fair and reasonable insofar as Shareholders are concerned.

### **Extraordinary General Meeting**

The Fundraising is conditional on the passing of the Resolutions. On page 11 of this document is a notice convening the EGM of the Company to be held at the Platinum Suite, Bramall Lane, Sheffield S2 4SU at 11.30am on 29 December 2006, at which the Resolutions will be proposed.

Resolution 1 to be considered at the EGM, proposes the following:

- (a) to grant the Directors authority to allot the Convertible Loan Notes pursuant to section 80 of the Act; and
- (b) to disapply statutory pre-emption rights in respect of the Convertible Loan Notes. Section 89 of the Act requires that any equity securities (including any rights to convert securities into shares) allotted wholly for cash must be offered to existing shareholders in proportion to their existing holdings. This requirement was disappplied to a limited extent by a resolution passed at the annual general meeting held on 12 December 2005 and it is proposed that a resolution to renew the disapplication to a limited extent will be proposed at the annual general meeting which has been convened for 18 December 2006. However the extent of the disapplication is insufficient to enable subscription for the Convertible Loan Notes under the Fundraising. Accordingly, the disapplication of statutory pre-

emption rights proposed in paragraph (b) of Resolution 1 is necessary in order to effect the Fundraising.

Resolution 2 is to increase the Company's authorised share capital, *inter alia*, to give the Company sufficient authorised share capital to enable the issue of Ordinary Shares in the event that conversion of the Convertible Loan Notes takes place.

**Action to be taken**

A Form of Proxy for use at the EGM is enclosed. The Form of Proxy should be completed and signed in accordance with the instructions on it and returned to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, as soon as possible, but in any event so as to be received not later than 11.30am on 27 December 2006. The completion and return of a Form of Proxy will not preclude you from attending the EGM and voting in person should you so wish.

**Recommendation**

The Directors consider the Fundraising and the approval of the Resolutions, which the Fundraising is conditional on, to be in the best interests of the Company and its Shareholders as a whole and the Directors recommend that Shareholders vote in favour of the Resolutions to be proposed at the EGM as they and Shareholders connected with them intend to do in respect of their beneficial holdings of Ordinary Shares amounting to, in aggregate, 142,497,410 Ordinary Shares, representing approximately 68 per cent. of the current issued share capital of the Company.

Yours sincerely

**Michael Douglas Dudley**  
*Deputy Chairman*

# Sheffield United plc

(Registered in England and Wales - No. 396956)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING (“**Meeting**”) of Sheffield United plc (“**Company**”) will be held at the Platinum Suite, Bramall Lane, Sheffield S2 4SU at 11.30am on 29 December 2006, for the purpose of considering and, if thought fit, passing the following resolutions of which number 1 will be proposed as a special resolution and number 2 will be proposed as an ordinary resolution:

### SPECIAL RESOLUTION

1. (a) that in addition to all existing authorities under that section, the directors of the Company (“**Directors**”) be generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 (as amended) (“**Act**”) to exercise all the powers of the Company to allot, grant options over or otherwise deal with or dispose of any relevant securities within the meaning of that section in connection with the issue (“**Convertible Loan Notes Issue**”) by the Company of £10,000,000 Floating Rate Secured Subordinated Convertible Redeemable Loan Notes 2007 as described in the circular of which this notice forms part, such authority to expire on 31 January 2007; and
- (b) that in addition to all existing authorities under that section, the Directors be unconditionally empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94(2) of the Act) for cash pursuant to the authority conferred by Resolution 1(a) above as if Section 89(1) of the Act did not apply to the allotment, provided that this power shall be limited to the allotment of equity securities in connection with the Convertible Loan Notes Issue such authority to expire on 31 January 2007.

### ORDINARY RESOLUTION

2. That, subject to and conditional upon the passing of Resolution 1 above, the authorised share capital of the Company be increased from £26,500,000 to £36,500,000 by the creation of an additional 100,000,000 ordinary shares of 10p each ranking *pari passu* in all respects with the existing ordinary shares and all such shares to have the rights and be subject to the restrictions set out in the articles of association of the Company.

Registered office:

Bramall Lane  
Sheffield S2 4SU

By Order of the Board

Mark Fenoughty  
Secretary

Dated 6 December 2006

Explanatory Notes:

- (1) A member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and, on a poll, to vote in his place. A proxy need not be a member of the Company.
- (2) A prepaid form of proxy is enclosed. To be valid, the form of proxy (together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such authority) must be deposited at the offices of the Company’s registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham Road, Beckenham, Kent, BR3 4TU not later than 48 hours before the time appointed for holding the above Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending and voting in person.
- (3) The Company, pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, specifies that only those holders of ordinary shares registered in the register of members of the Company at 6.00pm on 27 December 2006 or, if the Meeting is adjourned, members entered on the register of members of the Company not later than 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the Meeting in respect of such number of shares registered in their name at that time. Changes to entries in the register of members after 6.00pm on 27 December 2006 shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

