



OLDHAM BEARS

Rugby League Football Club plc

The Pavilion · Watersheddings · Counthill Road · Oldham OL4 2PB



Telephone: 0161-624 4865 (3 lines) · Fax: 0161-624 1003 · Information Line: 0161-626 4501 · Bears Hotline: 0891 44 00 70

Our Ref: JQ/JMC

4th October 1996

Dear Shareholder,

I enclose herewith notice of an Extraordinary General Meeting of the company for Wednesday 30th October 1996 at 8pm, together with a statement from the directors and proxy form.

I hope you will be able to attend the meeting.

Yours sincerely,

James Quinn

Chief Executive, Oldham RLFC



CLUB SPONSOR

Registered in England No. 2265726



OLDHAM RUGBY LEAGUE FOOTBALL CLUB PLC

STATEMENT OF DIRECTORS

Extraordinary General Meeting 30 October 1996

1. The Extraordinary General Meeting has been convened to discuss with the shareholders the current financial position of the company and to consider what steps should be taken to deal with the situation. It is only proper that the shareholders should be involved in the discussion and their views are eagerly sought by the Board.
2. The company's finances are, at present, in a very unhealthy state. The accounts to 31 May 1995 reveal a loss in the profit and loss account of £75,185.00 and a deficit in the balance sheet of £1,037,323.00. The books indicate the company has made further losses of approximately £13,000.00 since then although audited figures will only be available after the end of the current accounting period, being 30 November 1996. These are matters which must be addressed, if not the company will not be able to continue trading.
3. The accounting period for 1996 is being extended to 18 months, namely to 30 November 1996. This is so that the accounting period coincides approximately with Summer rugby.
4. The immediate problem to be addressed is the company's cash flow and lack of profitability. Unfortunately, since full time professional rugby league has started and the company has been in the Super League, attendances at home matches have been disappointing. Also the Board had hoped for better returns on commercial activities. The Board think that both of these matters are related to the dilapidated state of the Watersheddings Stadium so that, hopefully, there will be improvements in gate receipts and commercial income once the Club becomes based at Boundary Park or at a new stadium.
5. A significant part of the company's income is from News Corporation (Sky TV). Until now this income has been received in irregular payments which has caused difficulties for the company's cash flow. For the 1997 playing season onwards this income will be received by 12 equal payments over the calendar year. The company's contract with News Corporation has another 4 years to run, namely 1997 to 2000 inclusive. This is conditional upon the Club staying in the Super League. Investment in

players is, of course, fundamental to the Club retaining its Super League status which has a direct impact on the company's cash flow requirements.

6. At present the company has an informal overdraft arrangement with Co-Operative Bank PLC of £350,000.00. In the last few days this has been extended to £375,000.00 because the directors have advanced a further £20,000.00 by way of loan to the company. The overdraft needs to be increased, especially for the period from now until the end of 1996, before the income stream of Sky TV monies for 1997 commences. The bank has agreed to an overdraft facility to £500,000.00, but this is subject to conditions.
7. The bank's conditions are:-
 - (a) the directors inject a further £50,000.00 in cash into the company by way of subscription for shares. The £20,000.00 advanced by the directors in the last few days is accepted as part of that £50,000.00; and
 - (b) the directors increase their personal guarantees to the bank in respect of the company's bank borrowings from a present total of £100,000.00 to a total of £200,000.00.

The directors are willing to comply with these conditions provided that, in addition, they are able to capitalise their existing loan accounts with the company into additional shares, at par value. At present the directors' loan accounts total £129,520.00.

8. Resolution 2 as proposed will enable the directors to issue the 50,000 shares for cash and capitalise their loan accounts into shares. The directors intend that at the same time as they issue these shares they provide to the bank the additional personal guarantees referred to in paragraph 7.
9. The directors do not warrant that if the company's bank overdraft is increased to £500,000.00 it will necessarily survive. Survival will be dependant upon a return to profitability, the overdraft will only provide a breathing space to achieve that.
10. If the Club continues to succeed in the Super League the directors believe there is a better chance its finances will improve. There is therefore the prospect that at some time in the future shares in the company could be of value. It is impossible to say now whether that will ever be the case. Other shareholders, or indeed non-shareholders, may however be encouraged by the directors taking additional shares in the company and wish to do the same. Resolution 2 makes that possible. The period of 2 years has been chosen because the directors do not expect the financial

position of the company to have changed significantly in the next 2 years.

11. To avoid doubt if Resolution 2 is not passed the company's 694,716 unissued shares would have to be offered to all existing shareholders pro rata to their existing shareholdings. There are some 2500 individual shareholders and offers to all of them would involve very considerable legal and accountancy charges which the company cannot afford. It is therefore necessary to "disapply" these pre-emption provisions to enable the proposed allotment of shares to the directors to go ahead. Any other person who wishes to apply for shares during the next 2 years would also be able to do so.
12. Resolution number 1 is of a formal nature, the general authority of the directors of a company to issue its shares has to be renewed periodically, and cannot be for longer than 5 years. The previous authority of the directors of this company has expired.
13. All shareholders are encouraged to attend the meeting. The directors are anxious to develop a sense of involvement of the shareholders, and indeed the whole town, in the affairs of Oldham Bears. That is essential for the success and prosperity of the Club for the future.

The Directors emphasise that this statement is not a statement for the purposes of Section 95(5) of the Act nor is it made or intended to be construed as being in connection with an offer of shares on behalf of the Company.

For and on behalf of the Board of Directors

James Quinn
Chief Executive and Chairman

4 October 1996

OLDHAM RUGBY LEAGUE FOOTBALL CLUB PLC

NOTICE is hereby given that an EXTRAORDINARY GENERAL MEETING of the company will be held at The Pennine Way Hotel, Manchester Street, Oldham on Wednesday the 30th day of October 1996 at 8.00 pm for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary and special resolutions.

The meeting is also called for the purpose of considering whether any, and if so what, steps should be taken to deal with the financial situation of the company. A separate statement by the directors accompanies this Notice. References in this Notice and the statement to "the Act" are references to the Companies Act 1985 and any modification thereof.

RESOLUTIONS

1. As an ORDINARY RESOLUTION that the directors are generally and unconditionally authorised pursuant to Section 80 of the Act for a period of 5 years from the date hereof to exercise all the powers of the company to allot and issue relevant securities up to an aggregate nominal value of £694,716.00 and this authority may be varied or revoked by an ordinary resolution of the company.
2. As a SPECIAL RESOLUTION that the directors be empowered, pursuant to Section 95(1) of the Act, for a period of 2 years from the date of the passing of this resolution, to allot and issue equity securities for cash pursuant to the general authority conferred on them for the purposes of Section 80 of the Act as if the pre-emption provisions of Section 89(1) of the Act did not apply to such allotments and issues.
3. Any other business.

DATE 4 October 1996

By Order of the Board

James Quinn
Chief Executive

Registered Office:
The Pavilion
Watersheddings
Counthill Road
Oldham, OL4 2PB

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the company.

OLDHAM RUGBY LEAGUE FOOTBALL CLUB PLC

EXTRAORDINARY GENERAL MEETING - 30TH OCTOBER 1996

PROXY FORM

I/We

of

being a holder, or joint holders, of ordinary shares of the company hereby appoint:-

1. _____ of _____ ; or
2. _____ of _____ ; or
3. failing them the Chairman of the company;

to be my/our proxy to vote in my/our name and on my/our behalf upon any matter proposed at the Extraordinary General Meeting of the company to be held on 30 October 1996, or at any adjournment of that meeting, in such manner as my/our proxy shall think proper and if expedient to demand a poll.

DATE _____

1996

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Signature of Shareholder