

WR HAMBRECHT + CO
PIER 1, BAY 3
SAN FRANCISCO, CA 94111
TEL. 415.551.8600
FAX. 415.551.8686
www.wrhambrecht.com

THE U.S. PROFESSIONAL SPORTS MARKET & FRANCHISE VALUE REPORT

2012

WILLIAM HAMBRECHT
CHAIRMAN & Co-CEO
bhambrecht@wrhambrecht.com
415.551.8602

ELIZABETH HAMBRECHT
Co-CEO
ehambrecht@wrhambrecht.com
415.551.3603

PETER MORRISSEY
MANAGING DIRECTOR
pmorrissey@wrhambrecht.com
415.551.8613

MICHAEL BLACK
VICE PRESIDENT
mblack@wrhambrecht.com
212.313.5944



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Welcome

Readers,

Welcome to the fourth annual edition of the W.R. Hambrecht & Co. U.S. Professional Sports Market and Franchise Value report. We have included new data and analysis in this year's edition, which we hope will provide the reader with a richer, more thorough understanding of the U.S. professional sports landscape.

The professional sports industry has enjoyed impressive growth over the past several decades, to the point where personal consumption expenditure (PCE) on the spectator sports segment reached \$25.4 billion and has grown at a 6.4% compound annual growth rate (CAGR) over five years, outpacing the 2.6% CAGR of all PCE. Furthermore, the sports industry has not only weathered the recent economic recession nicely, but has shown strong growth, with each of the four major professional leagues posting year-over-year revenue increases. The values of professional sports franchises have kept pace, and in some cases outperformed, revenue growth rates over the last decade.

We believe professional sports will remain an attractive investment over the next decade. Expansion into additional markets remains a key objective for stakeholders in each of the four major sports. Broadcasting rights continue to rise with each new executed contract, driving top line growth. And of course, one thing that never seems to wane is the passion of the fan base, although it will be interesting to see if there will be any long term effects from coming so dangerously close to not one but two cancelled seasons for the NFL and NBA, respectively. Indeed, with three CBAs expiring in 2011, we may yet come to remember this year as the "Year of the Lockout," though the MLB fared far better than the NFL or NBA in that respect.

We hope you enjoy this year's edition of the Report. Please feel free to contact us with your thoughts and ideas on areas for further study.

- The WR Hambrecht + Co Sports Finance Team

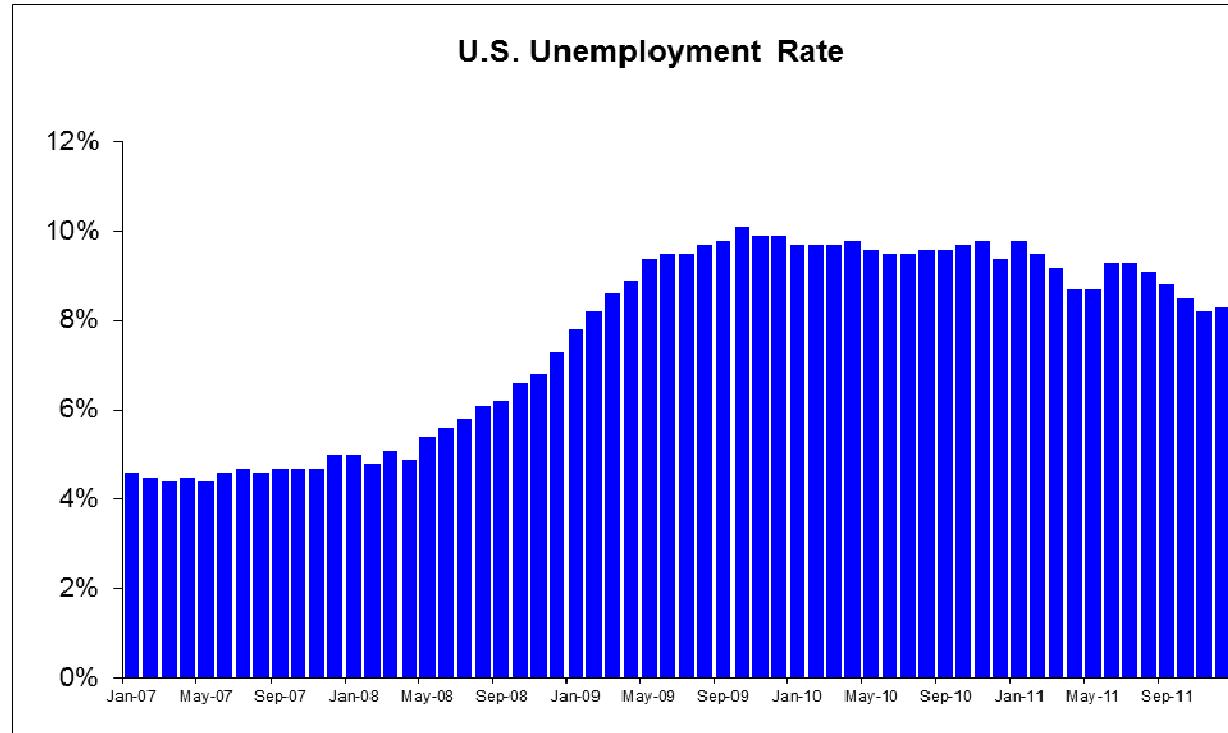
The Economic Climate

In 2011, the economy continued to climb out of the depths of the Great Recession, which had begun in January 2008 and ended in June of 2009. While the length of the recession was not unique or overly lengthy from a historical perspective, what is most alarming is the snail's pace of growth in the wake of the crisis. Many economists have characterized the rate of growth as "anemic," with the economy ticking along at a pace far too slow to feel the effect on a global basis. In fact, though the final numbers have yet to be reported for the fourth quarter of 2011, the economy is believed to have grown less than 2%.

For 2012, most economists anticipate faster domestic growth of 2.4%, so long as it is not knocked off track by the recent economic upheavals in the Euro zone, which is on the verge of recession due to unresolved debt issues. In fact, economists expect the European economy to shrink by approximately 0.5% in 2012. While the consensus is that the U.S. economy will continue to grow at an anemic rate in 2012, most experts agree that the pace will quicken towards the end of 2013 and into 2014, when we can expect to see a fuller recovery.

On a positive note, the economy ended 2011 on an uptick, as at least 100,000 jobs were added in each of the last five months of the year, the longest such streak since 2006 (See Figure 1). While the US economy has enjoyed the benefits of the US government's stimulus package in terms of job creation, the unemployment remains high as corporate America is reluctant to invest its newly cash-rich balance sheets in workforce growth, especially with the fear of global contagion from the debt crisis in Europe. As such, economists generally expect the pace of job creation to remain subdued, predicting a rate of unemployment of 8.8% for 2012, with the likelihood that we will not return the 4-6% range until the later part of the decade. On average, the economy is expected to add approximately 150,000 jobs per month for 2012.

FIGURE 1

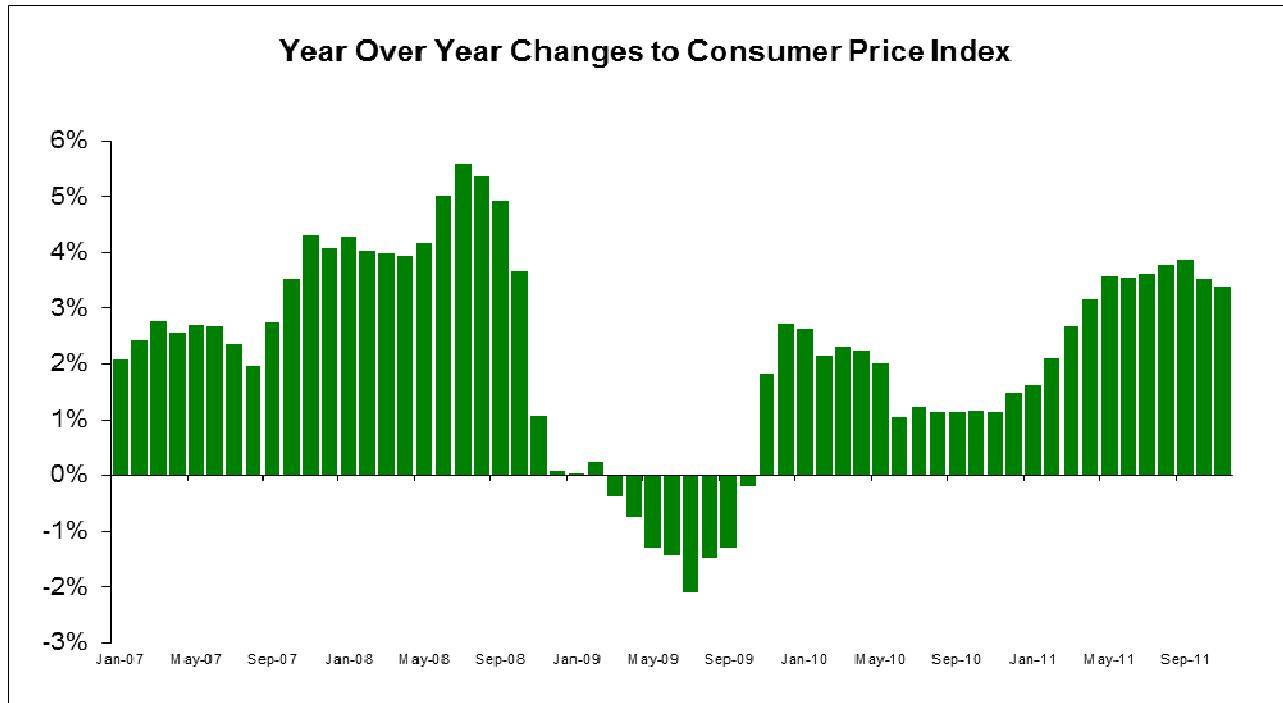


In addition to the sputtering rate of job growth, there are several other palpable threats to economic growth. The state of sovereign debt continues to be a pivotal issue, especially in Europe. In the US, budgetary problems and related election year politics are at the forefront. Among the most serious threats is the potential for a major world economy such as Italy defaulting on its debt, which would in turn set off a global banking crisis that would spread far beyond the borders of the Euro zone. Banks across Europe with exposure to European sovereign debt have already curtailed lending, and such a default would only lead to further locking down of access to debt capital at tenable rates. If such a downturn in Europe were large enough, it could very well bring the world economy into recession, though most economists do not believe that is likely. In addition to the looming debt crisis, unforeseen global events such as the protests that continue to rage throughout the Arab world or the nuclear ambitions of Iran may also impact economic growth.

At home, the U.S. also faces intermediate-term challenges of its own, as the debt-to-GDP ratio increased from 96.5% at the end of 2010 to 100.3% at 2011 year end, with total public debt outstanding increasing from \$14 trillion to \$15.2 billion. Rising debt levels threaten to dull or slow any corresponding growth in the overall economy for 2012 and beyond.

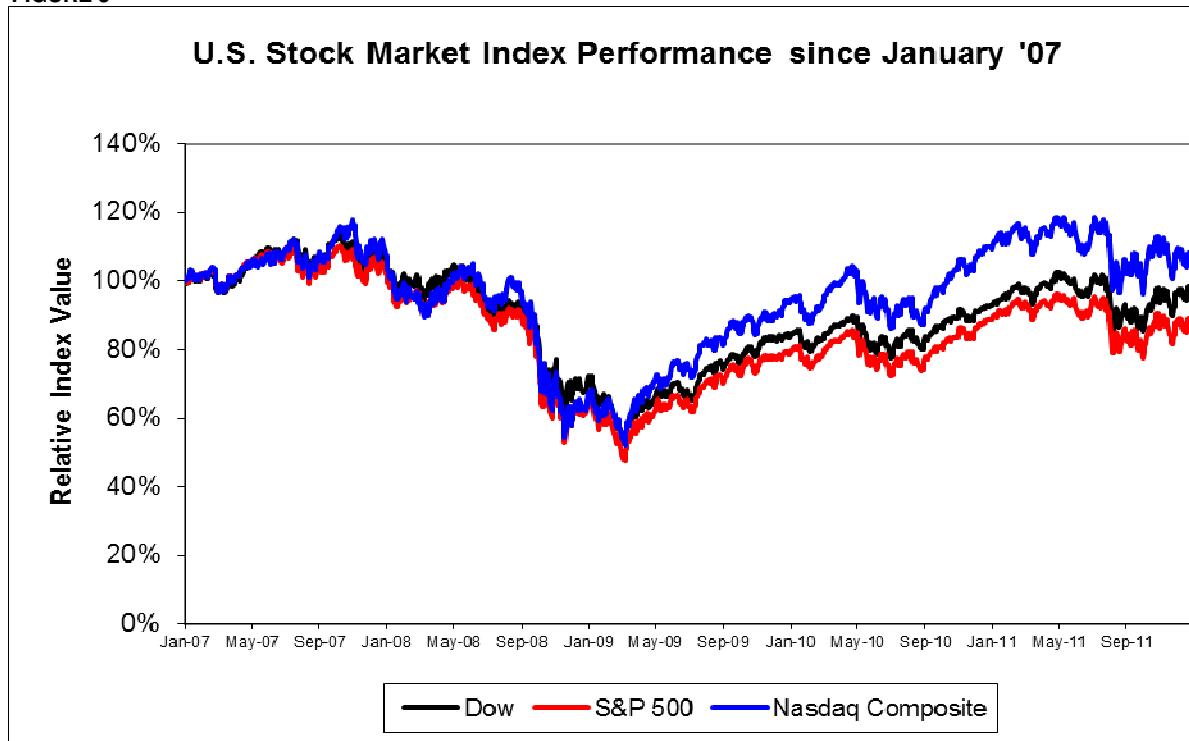
There are, however, positive trends that support the case for continued, albeit measured, economic expansion. In addition to the recent streak of job creation, inflation has continued to remain low, though to be sure, inflation is always a threat in an economy with such historically low interest rates. Many economists also predict that supportive Fed policies such as near zero interest rates and measures aimed at lowering mortgage rates and other long-term rates will provide a boon to the US economy. Additionally, many economists believe that the US economy is strong enough to withstand any short term spikes in the price of oil, which may yet be on the horizon in 2012. As Figure 2 illustrates, the U.S. has avoided any significant bouts of deflation, however, with inflation rising to 3.4% at the close of 2011, we must be cognizant of potential inflationary risks to the economy.

FIGURE 2



Undoubtedly, 2011 was a volatile year for the public equity markets, as shown in Figure 3. Investors had a great deal of complicated information to price into the markets, including the stagnant growth of the US economy overall, various actions taken (or not taken) by the Fed, as well as the heightening debt crisis in Europe. As a result, stocks on the three major indices closed out relatively flat from beginning to year end. In 2011, the Dow Jones Industrial Average rose 5.5%, the S&P 500 remained flat, and the Nasdaq Composite fell 1.8%. All three have returned to pre-2008 crisis levels, with the Dow, S&P and NASDAQ returning 86.6%, 85.9%, and 105.3% respectively through the end of 2011 since the low reached on March 9, 2007.

FIGURE 3



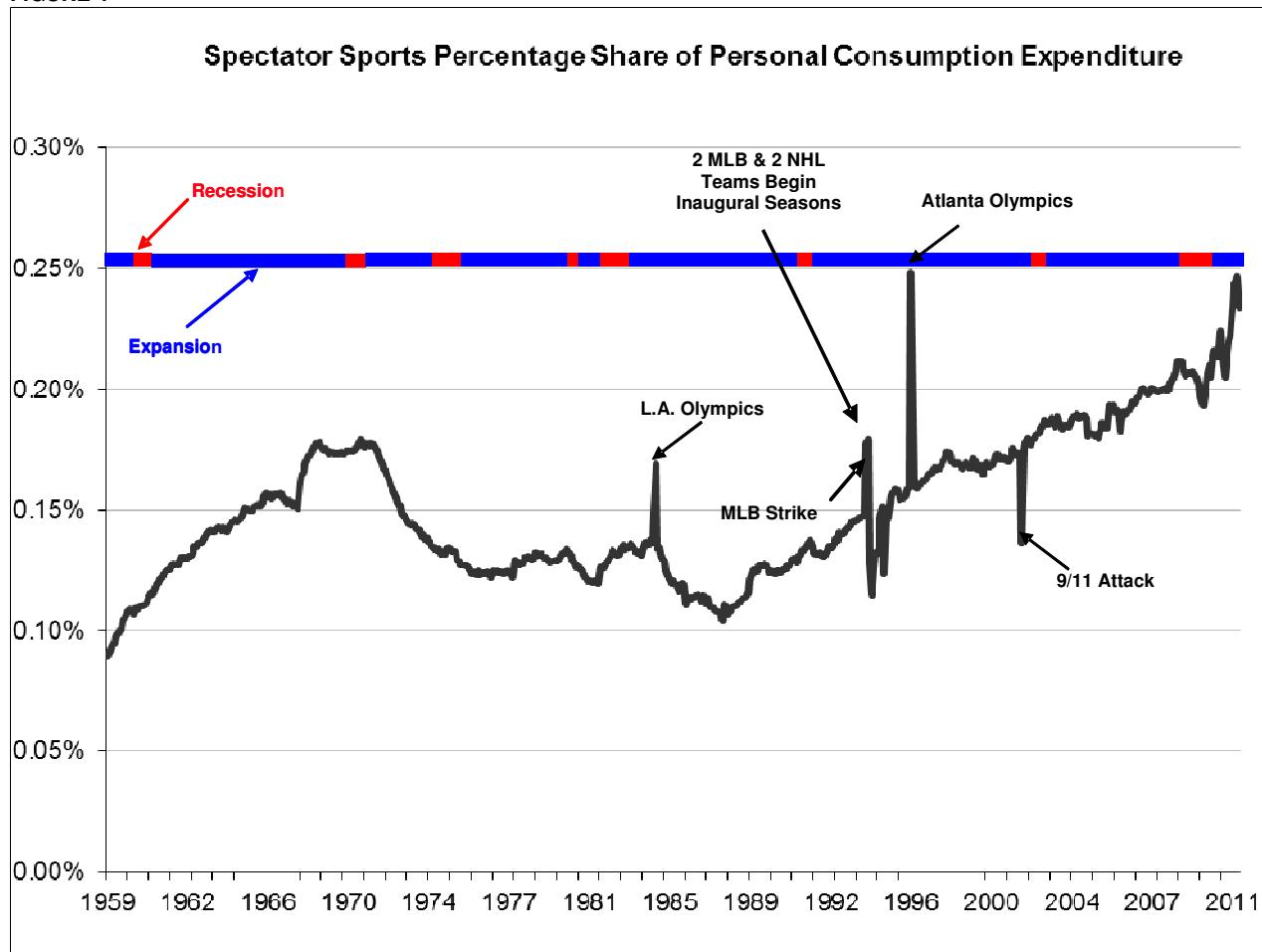
Overall, the consensus remains that the US economy will continue to grow at modest levels for the near and medium term, with a full recovery to pre-crisis levels not likely until later this decade. Indeed, significant threats to the continued economic recovery remain, including the Euro zone debt crisis, a potential domestic fiscal crisis, and high levels of unemployment, among others. All of that notwithstanding, both the job market and economy overall have shown positive signs of increasing stabilization, and that bodes well for a continued (albeit slow) recovery.

U.S. Professional Sports and the Economy

Despite the somewhat slow recovery of the U.S. economy, we expect the percentage share of spectator sports of total personal consumption to continue to rise, especially given that both the NFL and NBA avoided prolong, costly lockouts. Personal consumption expenditures, which represent nearly 70% of overall GDP, rose in absolute terms over each of the past five years and at a 2.6% CAGR during the period, to \$10.9 trillion in total according to the Bureau of Economic Analysis. Spectator sports' share of PCE grew exponentially faster, at a 6.4% CAGR to over \$25 billion in total.

Moreover, the spectator sports industry has performed well historically, even in spite of challenging economic climates. Indeed, in the wake of the latest economic recession, spending on spectator sports as a percentage of overall personal consumption expenditure has risen to its highest level since the Atlanta Olympics. See Figure 4.

FIGURE 4



Sources: US Department of Commerce, National Bureau of Economic Research. Data is current as of November 2011.

Other data points to the robustness of the sector. Despite a weak economy, structural characteristics within the industry (i.e., the long-term nature of television contracts and sponsorships) continue to act largely as a buffer against economic downturn.

For example, regular season attendance in the four major sports, after a slow decline in 2008-2010, made a modest recovery in 2011. It is also interesting to note that, except for one year (2010) when NBA ticket prices dipped slightly, the four major sports leagues have all seen consistent increases in their average ticket prices between 2006-2011, despite a down economy (see Figures 5 and 6). To be sure, according to these metrics, all four major sports leagues have shown remarkable resilience and pricing power in the past, and appear poised to recover far faster than the economy overall.

FIGURE 5

Regular Season Attendance (M)						
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
NFL	17.6	17.6	17.5	17.3	17.1	17.2
MLB	76.3	79.6	79.0	73.6	73.2	73.7
NBA	21.6	21.8	21.4	21.5	21.1	21.3
NHL	20.9	20.9	21.3	21.5	21.0	21.1
						5 Yr CAGR
						-0.4%
						-0.7%
						-0.3%
						0.2%

Source: WR Hambrecht+Co, ESPN

FIGURE 6

Average Ticket Price (USD)						
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
NFL	\$62.38	\$67.11	\$72.20	\$73.34	\$76.47	\$77.34
MLB	\$22.21	\$22.77	\$25.43	\$26.64	\$26.74	\$26.91
NBA	\$46.99	\$48.83	\$49.47	\$48.90	\$47.66	\$48.02
NHL	\$43.13	\$48.72	\$49.66	\$51.27	\$54.25	\$57.10
						5 Yr CAGR
						4.4%
						3.9%
						0.4%
						5.8%

Source: Team Marketing Report

Top 2011 News & Developments

The NFL AVOIDS Lockout; Plays Full Regular Season

In late July, facing a potential shortened or even outright cancelled season, league owners and the NFL Players Association reached a 10-year labor deal, ending the 136 day lockout. The deal, which in the end, required significant compromise on both sides of the negotiating table, ended officially on July 25th, when the players voted unanimously in favor of the agreement. July 25th also marked the official beginning of both free agency and training camp, a necessity in order to play a full pre-season schedule before the start of the regular season. The term of the agreement encompasses the 2011 through the 2020 seasons, as well as the 2021 draft. The highlights of the new CBA are as follows:

Revenue Split:

- League Media (including TV and Radio) – 55% for players vs. 45% for owners;
- NFL Ventures (licensing products) – 45% for players vs. 55% for owners;
- Local Club Revenues – 40% for players vs. 60% for owners;
- With regards to total revenue, players have an upper limit of 48% for 2012-14, 48.5% for 2015-20, and a lower limit of 46.5% for the life of the agreement.

Player Health and Safety:

- Reduction of off-season program by 5 weeks, with organized team activities (OTAs) decreasing from 14 to 10;
- Limiting on-field practice time and contact;
- Limiting full-contact practices in both pre and regular seasons;
- Option for current players to remain in player medical plan for life;
- No increase to the current 16 game regular season until at least 2013, at which point any increase would have to be separately negotiated with the NFL Players Association; and
- \$50 million allocated annually for medical research and healthcare programs.

Retired Players:

- \$900 million to \$1 billion allocated for retired player benefits over the next decade; and
- \$620 million earmarked specifically for a pre-1993 “legacy player” fund.

Free Agency:

- After four accrued seasons, players attain unrestricted free agency status

Rookies:

- Drafted players are given four-year contracts, with a built in club option for a fifth for first round draft picks;
- Undrafted players are given three-year contracts;
- Each rookie class is allocated a maximum total compensation package, which has been reduced overall;
- Stronger anti-holdout rules will be in effect;
- Funds previously allocated to larger rookie pool are reallocated to veterans and retirees

Salary Cap:

- Guaranteed league-wide cash spend of 99% of the Salary Cap for the 2011-12 season;
- Guaranteed league-wide cash spend of 95% for the 2013-16 and 2017-20 four year periods; and
- Minimum average team cash spend of 89% for the 2013-16 and 2017-20 four year periods.

In any situation with so many varying interests and stakeholders, any compromise is bound to result in clear winners and losers, and the NFL labor dispute is no different. From a financial standpoint overall, the players and owners emerge as clear winners since the eleventh hour agreement won't infringe upon a split of the \$9 billion plus business of professional football, though to be sure, there are finer points beneath the surface. For example, retired players emerge as significant winners among the player stakeholder group, garnering benefits totaling between \$900 million and \$1 billion over the next 10 years. Unfortunately for rookie players, the fund earmarked for retired players will come from their total compensation pool. Indeed, for first round draft picks in particular, the new CBA has a fairly negative impact. Essentially, with a 4 year contract term and a club option for a fifth, a first round player cannot maximize his value as an unrestricted free agent until potentially his sixth year. With the overall rookie compensation pool decreasing, the new structure has had an immediate and drastic effect on the latest first round crop of players. For context, it is illuminating to compare the contracts of Sam Bradford and Cam Newton, the two first round, first pick quarterbacks for over the last two seasons. Sam Bradford received a six-year, \$78 million contract, with \$50 million guaranteed. Cam Newton, in the very same draft and field position following the implementation of the new CBA, received a four year, \$22 million contract, which is fully guaranteed, a stark contract to Bradford's

Ultimately, while not everyone emerged from the NFL labor ordeal fully content with the resolution, the new CBA helped the league and players to avoid successfully a shortened or cancelled season, which would have been very costly to all stakeholders involved. Indeed, with the completion of an exciting 2011-12 season and the signing of a record breaking extension for television rights, the NFL appears poised to continue its meteoric growth over the next decade.

NFL and Networks Sign Record Setting 9-Year Deal for TV Rights

In December 2011, the NFL signed a record setting television rights deal with the three major networks, Fox, NBC, and CBS that will result in the networks paying approximately \$28 billion in fees over a nine year period (2013-2022). The new deal goes into effect in the 2013 season, as the networks still have two years left under the current arrangement. The average \$3.1 billion fee per year represents a substantial 63% increase over the \$1.9 billion paid annually currently. This deal comes on the heels of an eight year agreement (2014-2022) signed with Walt Disney Co.'s ESPN that has the network paying \$1.9 billion annually for its NFL TV rights. When you factor in the approximately \$1 billion per year that DirecTV pays for its Sunday Ticket package, that means that the NFL will soon be taking in roughly \$6 billion per year in television rights fees alone.

FIGURE 7

MEDIA RIGHTS • NFL ESTIMATED FEE REVENUE			
Annual Payment			
	Current Contract (\$ million)	Renewed Contract (\$ billion)	Specifics
NBC	\$603	\$1.05	19 Sunday night games; Wildcard Divisional Playoff; Super Bowl 2015, 2018, 2021
CBS	\$620	\$1.08	Sunday afternoon AFC; Super Bowl 2016, 2019, 2022 - 2013
FOX	\$720	\$1.15	Sunday afternoon AFC; NFC Wildcard & Divisional Playoff; NFC Championship; Super Bowl 2017, 2020, 2023
ESPN	\$1.1 billion	\$1.9	17 Monday Night Football; Pro Bowl (2014 onward); NFL draft; certain international rights for all games, including Super Bowl
TOTAL MEDIA REVENUES	\$3.04 billion	\$5.18 billion	

There are several key reasons that ESPN and other networks pay aggressively for NFL games, but most important is the revenue driven to the networks from regional cable fees. Using Disney as an example, in 2011, the company had cable network revenues equal to just under \$13 billion, of which approximately \$8.8 billion comes from affiliate fees (per subscriber charge by the cable network), and the remainder mostly advertising. While ESPN is not the only driver of cable revenues for Disney, it appears to be the majority share when taking their 99 million disclosed subscriber base and applying a fee of \$4.69 per household per month (which is widely reported in the press but not disclosed by the company), which adds up to revenues of \$5.6 billion per year. At this level of income, a \$1.9bn payment for NFL content begins to make sense. Disney has made clear the value they attribute to sporting programming - it discloses contractual commitments from 2012 onwards of \$33.3 billion in sports programming (including NFL, college basketball and football, NBA, NASCAR and MLB), the lion's share of a total of \$36.1 billion in programming commitments.

NBA Settles CBA, to Play Shortened Season

In last year's Sports Report, we outlined the issues facing the NBA in reaching a new labor agreement. At that point, we viewed a potential lockout as unlikely, given some important factors, including the general open lines of communication that seemed to pervade negotiations, something that did not characterize negotiations between NFL owners and players. As it turned out, the NFL settled its dispute in the eleventh hour while the NBA could not. The prior NBA Collective Bargaining Agreement (CBA) which was signed in 2005 expired on July 1, 2011, kicking off a nearly 5 month ordeal in which negotiations were filled with enmity and generally carried on in the public media sphere as opposed to behind closed doors.

Predictably, the central issues facing the NBA were financial in nature, including the revenue split as well as player salary levels. In the end, the players had to make some fairly significant concessions in order to get a deal over the line, though to be sure, the owners had to make their own share of compromises as well. While the settlement is surely good news for NBA fans across the world, it has ultimately led to a financial loss of an estimated \$800 million for owners and players alike. The new CBA has a term of 10 years, though there is a mutual opt out clause for the players and owners which activates in 2017. The highlights of resolution of the most contentious issues are as follows:

Revenue Split:

- The players will receive 51.15% of Basketball Related Income ("BRI") for the 2011-12 season, and between 49 and 51 percent of BRI in subsequent seasons, depending on annual growth rate (essentially, players receive 50%, plus or minus 60.5% of the amount which BRI exceeds or falls short of projections).
- 1% of BRI from the players' share will be allocated to a new post-career benefits fund.
- This is a far cry from the 57% that players received under the prior CBA.

Escrow:

- 10 percent is withheld and escrowed every season to ensure that players do not receive more than the agreed to revenue split.
- If such escrow is insufficient, shortfall is deducted from post-career benefits pool.
- Under the old agreement, only 8% was escrowed.

Amnesty Provision:

- One player from each team can be waived before the start of any season.
- The salary of the waived player will subsequently not count for the purposes of the salary cap or luxury tax calculations.
- Other teams may bid for "amnestied" players at a reduced rate to the player's prior contract before the player is allowed to enter unrestricted free agency.

Revenue Sharing:

- The new CBA effectively triples the funds that are to be shared by larger market teams with smaller market teams.
- It is hoped that this will lead to greater parity around the league, as it will allow smaller market to teams to have the financial resources to more effectively compete for free agents.

Minimum Team Salary:

- Teams are required to spend at least 85% of the salary cap for the next two seasons, and at least 90% for the remaining years of the agreement.

Luxury Tax:

- Teams pay \$1 dollar for every dollar above the salary cap for the next two seasons, and will pay increasing tax rate for every \$5 million they are above the cap in subsequent years.
- A maximum of 50% of luxury tax funds may go to teams that were not required to pay a tax.

Restricted Free Agency:

- Teams have 3 days to match offers for restricted free agents.
- Players who meet certain performance related criteria can qualify for higher offers regardless of draft position.

Overall, players had to give up substantially more than the owners in order to complete the new CBA. That being said, while players gave up a substantial percentage of BRI to ownership, they had clear gains in other areas such as free agency minimum team salary expense. In the end, the NBA avoiding a lengthier interruption benefits all stakeholders alike, and none more important than the fans.

New MLB CBA Extension Run Through 2016

With all the fanfare and media attention that accompanied the labor disputes in the NFL and NBA, the fact that the MLB's CBA was also set to expire in 2011 was somewhat overshadowed. The new agreement, announced after the completion of the 2011 season, guarantees 21 years of uninterrupted baseball since the highly damaging strike in 1994. In the past, as the prior strike can attest to, negotiations between the owners and the MLB Players Association have often been rife with very public animosity and discord on both sides, which makes this most recent agreement all the more exceptional. It would seem that both sides have learned the harsh lessons of how a major work stoppage can affect the bottom line.

There were many significant changes to the prior agreement, with many of them aimed at assisting smaller market teams and maintaining a more consistent competitive balance. Here are a few of the key highlights:

Compensation for Draft Choices:

- If teams cross a specific threshold in spending on signing bonuses for draft choices, they will be required to pay a luxury tax, as follows:
 - Teams spending 5% over their allotted amount must pay a 75% luxury tax.
 - Teams spending between 5% and 10% over their allotted amount must pay a 75% luxury tax and lose a first round draft pick.
 - Teams spending between 10% and 15% over their allotted amount must pay a 100% luxury tax and lose a first and second round draft pick.
 - Teams spending 15% over their allotted amount must pay a 100% luxury tax and lose two first round draft picks.
- Effectively, this will lead to owners spending less up-front on draft picks and amateur players being selected in the order of their talent level and major league potential.

Acquisition of International Players:

- Teams will have a pre-defined pool of funds to allocate towards international players.
- Teams in smaller markets and those that finish with worse records will be allocated a higher amount to spend on international acquisitions.
- In addition, starting in 2014, teams will be able to “trade” up to half of their pre-allocated international pools.

Drug Testing:

- MLB will begin testing for human growth hormone, which makes baseball the first major sports league to test for HGH.

Playoff Schedule:

- Two additional wild card teams will be added to the playoff schedule; those two teams will play a one game playoff to decide who advances to the league division series.

Salaries:

- Effective immediately, the minimum league salary will rise from \$414,000 to \$480,000, a 16% increase.

Another major change which falls outside the business realm, but should not be discounted in any way, is the inclusion of language in the new CBA stating that in addition to covering all players regardless of “race, color, religion or national origin,” the CBA shall also cover all players regardless of “sexual orientation,” a progressive move that MLB should be commended for.

Green Bay Packers Complete Public Stock Offering

In December of 2011, coming off a super bowl victory in the prior season, the Green Bay Packers offered 250,000 shares for \$250 per share. The proceeds were earmarked to help support a \$143 million build out of the team's famous Lambeau Field in Green Bay Wisconsin. The Packers are the only publicly-owned professional sports franchise in the United States, which boasted of 112,000 shareholders with a total of 4.75 million before this latest offering was consummated. The offering was a major success, and led the team to announce an additional offering of 30,000 shares in late December.

What is most noteworthy about the nature of the offering and of ownership in the Packers in general is that, unlike traditional securities, it comes with very few rights. Indeed, while ownership in the Green Bay Packers does confer voting rights, the shares have no attached dividend, no chance for financial appreciation, no transfer rights, and do not increase one's chance of acquiring the hard-to-come-by season tickets. Fans instead leapt at the opportunity to have an ownership stake in the Packers for non-financial reasons. To be sure, fans take pride in their support of the team and a certain level of prestige that comes with boasting of ownership in a super bowl champion team with a storied and legendary history.

Such a deep seeded connection transcends the financial realm, and speaks to the high "psychic" value that fans ascribe to their favorite teams. It is not far-fetched to imagine the favorable valuations that teams could garner as publicly owned franchises with customary shareholder rights, such as access to financial appreciation based upon team success. We believe that it is only a matter of time before such investment vehicles materialize in the capital market landscape, as it represents a dynamic means for unlocking value in the sports industry.

Stadium Naming Rights Decided

In August 2011, the right to name the New Meadowlands, which cost \$1.6 billion to construct, was captured by MetLife. As part of the agreement to name the complex MetLife Stadium, which carries a 25 year term and an option to extend it to 97 years, the company will shell out approximately \$20 million per year.

This deal was somewhat overshadowed by the agreement between Farmers Insurance and the city of Los Angeles earlier in the year. Despite the fact that there is no stadium and no team committed at this point to playing in Los Angeles, Farmers Insurance agreed to pay a US record breaking \$650 million for a 30 year deal for naming rights. In part, the funds will be used to break ground on the stadium which is planned for downtown Los Angeles. An ownership group headed by Earvin "Magic" Johnson and city officials hope that such a proactive move will attract a professional football team to the second largest city in the US, whether through league expansion or otherwise.

While the majority of current NFL teams have replaced or renovated their stadiums during the last 20 years, there are still several franchises that are in need of new facilities, including the St. Louis Rams, Minnesota Vikings, San Diego Chargers and San Francisco 49ers, all which will offer new naming rights opportunities.

Conference Realignment Picks up Steam

Conference realignment has been as ubiquitous on the college landscape over the last several years as mascots on the field of play, and 2011 saw the announcement of an increasing number of defections for many major universities (see Figure 8). At the heart of these movements is the increased potential dollars on the table for universities, and as TV deals are generally signed with conferences as opposed to individual schools, a university's conference becomes extremely important.

FIGURE 8

Selected Conference Realignment in 2011				
School	Former Conference	New Conference	Date Move was Announced	Expected Year Move Takes Effect
Football				
Pittsburgh Panthers	Big East	ACC	9/18/2011	2014
Syracuse Orange	Big East	ACC	9/18/2011	2014
West Virginia Mountaineers	Big East	Big 12	10/28/2011	2012
TCU Horned Frogs	MountainWest/Big East	Big 12	10/10/2011	2012
Houston Cougars	Conference USA	Big East	12/7/2011	2013
SMU Mustangs	Conference USA	Big East	12/7/2011	2013
UCF Knights	Conference USA	Big East	12/7/2011	2013
Missouri Tigers	Big 12	SEC	11/6/2011	2012
Texas A&M Aggies	Big 12	SEC	8/31/2011	2012
Non-Football				
San Diego State Aztecs	Mountain West	Big West	12/12/2011	2013
Belmont Bruins	Atlantic Sun	OVC	5/13/2011	2012
Houston Baptist Huskies	Great West	Southland	11/21/2011	2013
Oral Roberts Golden Eagles	The Summit	Southland	10/25/2011	2012
Boise State Broncos	Mountain West	WAC	12/7/2011	2013
Seattle Redhawks	Division I Independent	WAC	6/14/2011	2012
UT Arlington Mavericks	Southland	WAC	7/14/2011	2012

College athletics ratings have risen dramatically in recent years, underscoring increasing demand from viewers and underpinning media values. Clearly, as sports media stakes have risen, college athletics have begun to want their share, and this has been a major consideration for teams changing conferences. With four major conference movements already announced for 2012 the trend shows no sign of slowing down.

Some of the more notable forces for change include:

- ESPN's direct (and lucrative) media rights deals with the ACC and the SEC set off a series of moves as colleges hurried to join the most financially advantageous conferences.
- The Big East Conference's refusal of a deal with ESPN that would have been worth more than \$1 billion prompted both Pittsburgh and Syracuse to bolt to the ACC, where they are guaranteed a significant share of TV revenue.

- The Bowl Championship Series concentrates power (and therefore TV dollars) in the hands of the member conferences, which increases the attractiveness of joining those conferences.
- Schools are looking to leverage an NCAA rule that allows conferences consisting of 12 or more teams to conduct a conference playoff, which leads to more games and hence more television revenue.
- Digital video recording has been the bane of original content publishers looking to capitalize on advertising dollars as many people will record an event and skip through commercials. Sporting events have therefore become even more valuable as they result in a more captive audience who is much more likely to watch on a real-time basis.
- Conference commissioners have become increasingly aware of the value of conference events, and are capitalizing on that value with lucrative media rights contracts.

In the college ranks, media contracts are increasingly lucrative, especially for the premiere conferences such as the PAC 12 and Big Ten. And as discussed above, the promise of securing a share of these contracts has been a decisive factor in the conference realignment trend in the NCAA. Contracts are multi-tiered, with networks bidding for first and second tier rights. Having first tier rights enables a media company to have first selection of games (See Figure 9 below) for national broadcast. Games that the networks do not choose for national broadcast then fall in the second tier rights, which are often carried by cable companies as these games have greater regional appeal. Following the trend set by professional leagues, contracts that have been signed more recently, even those for second tier rights, are for substantially higher amounts than in years past.

FIGURE 9

Selected Major Conference Media Contracts (\$mm)						
Conference	First-Tier Rights	Holder of First-Tier Arrangement	Average Total Per Year - First Tier Rights	Second-Tier Rights	Holder of Second-Tier Arrangement	Average Total Per Year - Second Tier Rights
ACC	\$1,860	ABC/ESPN, 2011-23 ¹	\$155	NA	ABC/ESPN, 2011-23 ¹	NA
Big Ten	1,000	ESPN, 2006-16	100	2,800	Big Ten Network (w/Fox), 2007-32	112
Big 12	480	ESPN, 2008-16	60	1,170	Fox, 2012-25	90
Big East	200	ABC/ESPN, 2006-12	33	54	CBS, 2007-13	9
PAC 12	3,000	ESPN and Fox, 2012-24 ¹	250	NA	ESPN and Fox, 2012-24 ¹	NA
SEC	825	CBS, 2009-24	55	2,250	ABC/ESPN, 2009-24	150

1. Arrangement includes both first and second tier rights.

Source: WR Hambrecht+Co, Forbes, various published reports

UFL Concludes Third Season, Refocuses Strategy

The United Football League completed its third season in 2011, with expansion team the Virginia Destroyers capturing the championship over the 2010 champion team, the Las Vegas Locos. The 2011 season was impacted to a large degree by the NFL lock-out, as the uncertainty over the NFL season kept potential media contracts for the UFL at bay. As a result, the UFL decided to refocus its strategy into one that was locally-driven as opposed to media-driven, and shorten its season to minimize losses.

In the wake of the NFL's labor resolution, the League is evaluating expansion opportunities and looking to raise additional capital to fund its expansion. The UFL is evaluating expansion opportunities for the 2012 season and beyond in markets that are currently not served by the NFL (23 of the top 50 US media markets currently operate without a professional football team). The fan support for the UFL franchises has made it clear that many non-NFL cities are eager to support a professional football team. Omaha, Sacramento and Virginia have all quickly established a solid fan base as measured by attendance statistics and/or sales of season tickets. The average League attendance in a game rose from just over 10,000 people, to 14,928 in 2010 and 15,410 in 2011. Sacramento and Virginia notably have sold out better than 90% of capacity since their first season.

Sports Media Landscape

As the NFL's record-setting media contracts signed in late 2011 can attest to, "big event" programming such as sports content is in great demand. In fact, in addition to the considerable dollar amounts, the very structure of these deals, fixed rate contracts without performance targets or "out clauses", underscores the high value media companies ascribe to sports programming.

Looking at these media contracts, both in terms of annual dollar spend (see Figure 10) as well as gross spend as a percentage of market capitalization (see Figure 11), it is clear how important sports programming is to media companies. In fact, the current media contracts mostly expire in the next 1-2 years, and the new agreements that have been recently concluded show a significant increase in values.

FIGURE 10

Annual Sports Commitments by Public Content Companies (\$mm) ¹					
Owner	Disney	CBS	NewsCorp	Time Warner	Comcast + NBC
Channel Airing Sports	ESPN + ABC	CBS	Fox	TBS + TNT	NBC + Versus
NFL ²	\$1,100	\$623	\$713	\$0	\$650
MLB ²	311	0	429	0	0
NBA ³	438	0	0	438	0
NHL ⁴	0	0	0	0	40
Total (\$mm)	\$1,849	\$623	\$1,142	\$438	\$690

1. Excludes local market TV rights fees.

2. Represents annual NFL and MLB contractual commitments through 2013. Fox shares MLB with TBS.

3. Represents annual NBA contractual commitments through 2016.

4. Deal with Comcast and NBC includes revenue sharing arrangement.

Source: WR Hambrecht+Co, Forbes, various published reports

With just under \$1.9 billion dedicated to coverage of the 4 major sports leagues in 2012, Disney continues to make the biggest commitment to sports programming, followed by News Corp. at \$1.1 billion, Comcast/NBC at \$690 million, CBS at \$623 million, and Time Warner at \$438 million. The NFL has adopted the widest distribution strategy, having distribution agreements with 4 of the 5 major networks, and that has served them well. Beginning in 2013, pursuant to the extension the major networks signed in 2011, collectively they will be paying in excess of \$6 billion per year to air NFL content.

Taking a look at total contractual commitments over the life of the contracts as a percentage of total market capitalization, as seen in Figure 11, it is clear that the networks are confident that major sports programming will continue to drive viewership, and by extension carriage fees and advertising revenues.

And, while these numbers are impressive in their own right, they do not tell the whole story, as they only include the commitments related to the 4 major sports leagues and leave out the media contracts between carriers and college sports, soccer, golf, the Olympics, NASCAR, and payments for local market TV rights.

FIGURE 11

Contractual Commitments to Four Major Sports vs. Market Cap (\$mm) ¹					
Owner	Disney	CBS	NewsCorp	Time Warner	Comcast + NBC
Channel Airing Sports	ESPN + ABC	CBS	Fox	TBS + TNT	NBC + Versus
NFL ²	\$3,300	\$1,868	\$2,138	\$0	\$1,950
MLB ²	933	0	1,286	0	0
NBA ³	2,625	0	0	2,625	0
NHL ⁴	0	0	0	0	40
Total	\$6,858	\$1,868	\$3,424	\$2,625	\$1,990
Ticker Symbol	DIS	CBS	NWSA	TWX	CMCS.A
Market Cap ⁵	\$74,634	\$19,407	\$48,523	\$36,439	\$78,439
Sports Spend/Market Cap	9.2%	9.6%	7.1%	7.2%	2.5%

1. Excludes local market TV rights fees.

2. Represents total NFL and MLB contractual commitments, 2011-2013 (3 years). Fox shares MLB with TBS.

3. Represents total NBA contractual commitments, 2011-2016 (6 years).

4. Deal with Comcast and NBC includes revenue sharing arrangement.

5. Market cap is currents as of February 28, 2012.

Source: WR Hambrecht+Co, Forbes, various published reports

In the college arena, media contracts have also continued to escalate. The two most recent conference renewals, by the ACC with ESPN/ABC, and the PAC-12 with ESPN and Fox, were multi-decade, multi-billion dollar contracts (see Figure 12), and now dwarf the deals struck less than 10-years ago. As discussed earlier, the significant dollars attached to these contracts have triggered movements by school among the conferences. When looking at the annual revenues generated by the media contracts for its participating schools, it becomes clear that being a member of the Pac-12 or Big Ten, generating in excess of \$20 million per school per year, is more lucrative than the ACC at \$13 million or the Big East at only \$3 million. However, the next contract to renew will be the Big East. Rumors of a new deal have suggested a deal with ESPN in the \$110-130 million range per year, which would more than triple their current contract, but keep them on the low end of the conference scale.

Also noteworthy, in August, 2011, the University of Texas at Austin entered into a partnership with ESPN and IMG College, to launch a sports network solely focusing on the Texas Longhorn's sports-related programming. Called the Longhorn Network (LHN), University of Texas at Austin will be paid \$300 million over a 20 year period by ESPN, who will run the network. At an average payment of \$15 million per year, this deal rivals most of the conference media contracts. Another notable renewal in 2011 was the 14-year, \$10.8 billion paid by CBS and Turner for the rights to the NCAA men's basketball tournament, a 41% increase over CBS's average rights fee in its old NCAA TV deal. The contract averages an annual payment of \$771 million to the conference, giving a new meaning to the term "March Madness."

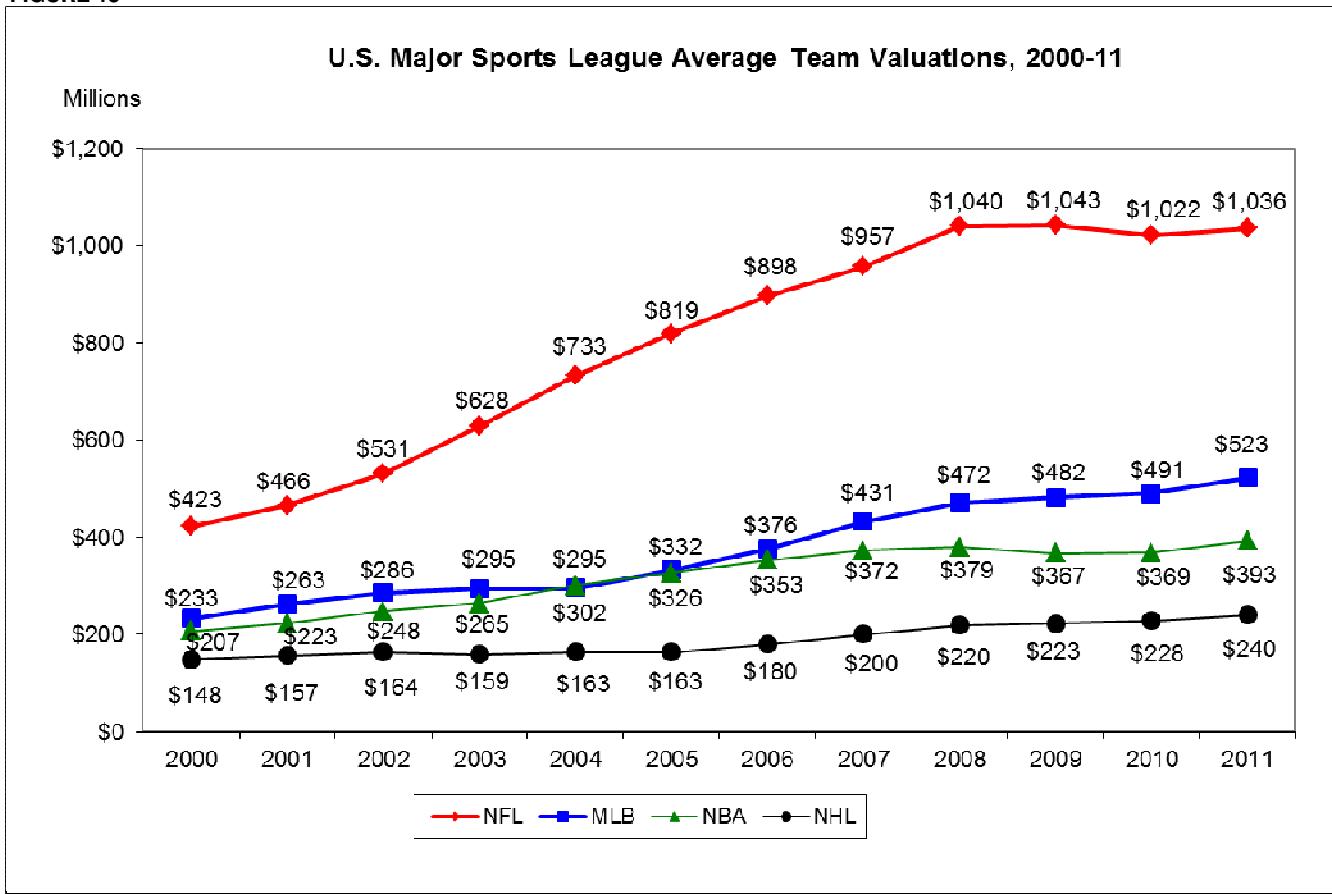
FIGURE 12

Selected Major Conference Media Contracts (\$mm)			
Conference	1st and 2nd Tier Rights	Average Total Per Year - 1st and 2nd Tier Rights	Est. Average Total Per Year Per School
ACC	\$1,860	\$155	\$13
Big Ten	3,800	212	21
Big 12	1,650	150	13
Big East	254	42	3
PAC 12	3,000	250	21
SEC	3,075	205	17

Franchise Valuation

Franchise values continued their virtually unchecked ascent and appear to have come out of the prior recession unscathed. Most notably, the NFL rebounded well in 2011, especially when considering it was just moving beyond the specter of a potential lockout last year (See Figure 13). The NBA, having faced down its own potential labor issues, also rebounded strongly from its lull the prior two years. Indeed, the NBA, MLB, and NHL all achieved all-time highs in terms of average franchise value.

FIGURE 13



Source: *Forbes*, WR Hambrecht+Co

As its far higher average franchise value can attest to, the NFL has grown exponentially over the last 11 years, as the league's growth continues to be driven in large part by highly profitable national TV rights fees. Indeed, on December 15, 2011, Fox, NBC, and CBS agreed to pay \$3.1 billion annually and a total of \$28 billion in fees over nine years, representing a 63% increase over the \$1.9 billion paid annually under their previous contract. The NFL's average team value rose by \$570 million overall at an 8.3% CAGR over the last 10 years. The other major sports leagues also showed significant growth over the period. MLB's average team value rose by \$260 million overall and increased by a 7.1% CAGR during the period. The NBA's average team value rose by \$170 million overall and recorded a 5.8% CAGR during the period. The NHL's average team value rose by \$83 million overall and increased by a 4.3% CAGR during the period.

With the expansion of revenues across each sports league, it is not surprising that average franchise valuations have risen so significantly. Indeed, revenues in two of the four sports grew at more than a 6% CAGR over the prior five years, with the NFL and NHL leading the way at a 6.6% CAGR. See Figure 14. Three of the four leagues' operating income also grew (See Figure 15), though high marketing expenses and player salaries continue to be somewhat of a drag on bottom line performance for several of the leagues. Also at play is the fact that there is a wide distance between the operating performances of the large market teams vs. the small market teams.

FIGURE 14

League Revenue (\$M)						
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
NFL	\$6,539	\$7,090	\$7,575	\$8,016	\$8,345	\$8,867
MLB	\$5,111	\$5,489	\$5,819	\$5,898	\$6,137	\$6,464
NBA	\$3,367	\$3,573	\$3,768	\$3,786	\$3,805	\$3,960
NHL	\$2,267	\$2,436	\$2,747	\$2,819	\$2,929	\$3,090

Source: WR Hambrecht+Co, Forbes, various published reports

FIGURE 15

Average Operating Income (\$M)						
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
NFL	\$17.8	\$24.7	\$32.3	\$33.4	\$30.6	\$30.6
MLB	16.5	16.4	16.7	17.4	16.5	16.7
NBA	6.9	9.8	10.6	7.8	6.1	5.8
NHL	4.2	3.2	4.7	6.1	5.3	4.2

Source: WR Hambrecht+Co, Forbes, various published reports

As Figure 16 shows, revenue multiples have remained fairly constant, with the NFL having the highest multiple of any of the leagues. Though the NFL's revenue multiple has slipped somewhat over the last two years, it is still comparatively robust at 3.7x. Operating income multiples are even richer across the leagues, when compared with other industries, with most average multiples ranging from 31.3x (MLB) up to 67.4x (NBA). See Figure 17. Most impressively, the multiples have held fairly constant, and there is no reason to believe that they will not continue to do so in the future. Indeed, they may even increase as buyers of professional sports franchise tend to ascribe a high "physic" value to owning a professional franchise which goes beyond intrinsic financial metrics. To be sure, there is great degree of prestige that accompanies an ownership stake in a team that has the potential to capture a championship, which of course translates into a very palpable value in the eyes of the investor.

FIGURE 16

Average Franchise Revenue Multiple						
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
NFL	4.4x	4.3x	4.4x	4.2x	3.9x	3.7x
MLB	2.2x	2.4x	2.4x	2.5x	2.4x	2.4x
NBA	3.1x	3.1x	3.0x	2.9x	2.9x	3.0x
NHL	2.2x	2.2x	2.2x	2.3x	2.3x	2.2x

Source: WR Hambrecht+Co, Forbes, various published reports

FIGURE 17

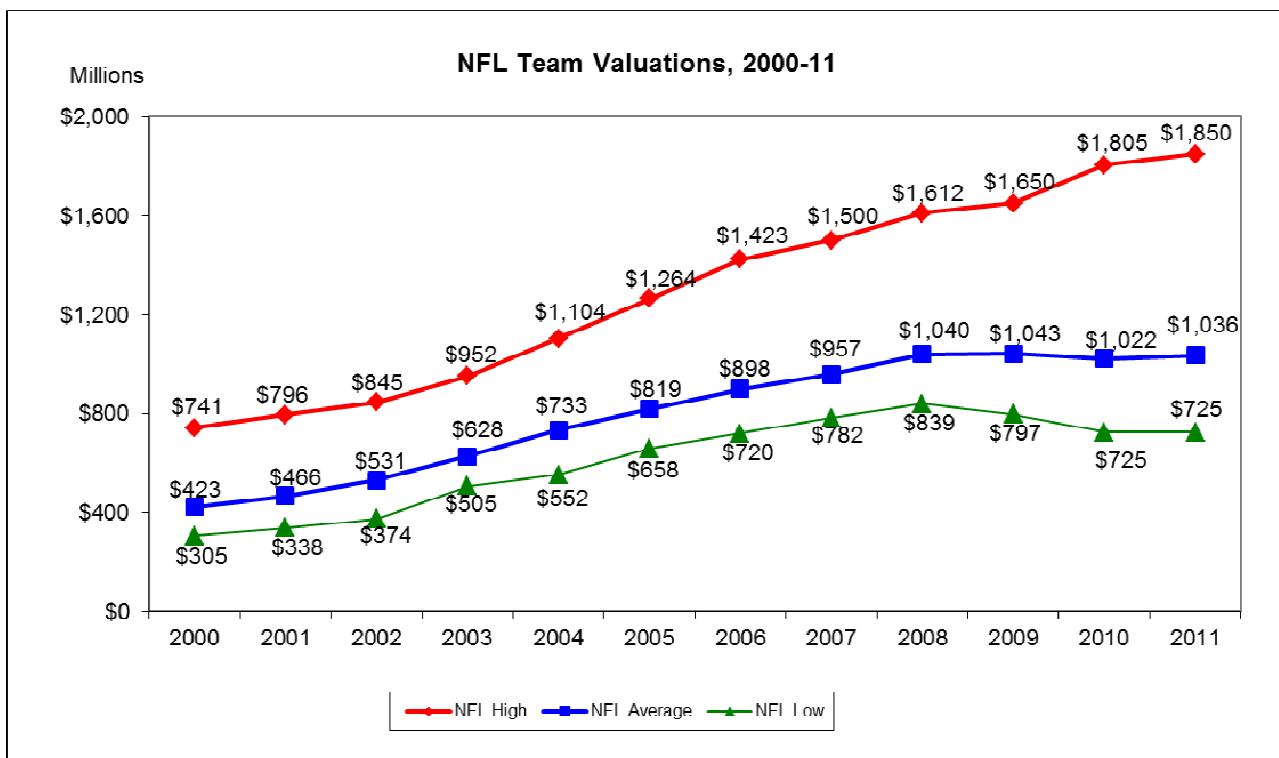
Average Franchise Operating Income Multiple						
	2006	2007	2008	2009	2010	2011
NFL	50.5x	38.8x	32.2x	31.2x	33.4x	33.9x
MLB	22.8x	26.3x	28.2x	27.7x	29.8x	31.3x
NBA	51.2x	38.2x	35.8x	47.3x	60.6x	67.4x
NHL	39.2x	56.5x	42.4x	35.9x	41.7x	54.1x

Source: WR Hambrecht+Co, Forbes, various published reports

With the avoidance of extended periods of disruption related to the prior labor issues in the NFL and NBA, all of the major sports leagues appear poised to continue the trends outlined above. As such, we will see average franchise values and underpinning revenues continue to rise over the next 5 years. However, the increasing cost of talent across the leagues may negatively impact the bottom line unless revenues can be increased at the same or higher rate. As professional sports leagues continue to uncover ways to penetrate the digital distribution and marketing spaces and the globalization of leagues continue we believe that additional revenues sources will coalesce.

National Football League

FIGURE 18



Source: *Forbes*, WRHambrecht+Co

From 2000 through 2011, the average NFL franchise value increased by 145%, and an 8.3% CAGR over the last ten years. See Figure 18. According to the 2011 *Forbes* Valuation report, the NFL has 15 franchises worth more than \$1 billion and another nine franchises worth over \$900 million. Shaking off the effects of the prior threat of labor disruption, the average team value rebounded in 2011, increasing by 1.4% after a 1.9% decrease from 2009 to 2010. Despite this rebound in average franchise valuation, the average revenue multiple fell slightly from 3.9x to 3.7x (though revenues grew in absolute terms, from \$8.5 to \$8.9 billion), perhaps underscoring the lingering effects of the labor dispute. Of the 32 teams, 22 increased revenues year over year from 2010 to 2011. Overall, with the labor dispute clearly in the rear view mirror, a successful 2011 season concluded, and a record television contract signed, we expect franchise valuations to increase steadily over the coming years.

Selected Average Historical NFL Franchise Metrics							
Metric	2006	2007	2008	2009	2010	2011	5yr CAGR
Franchise Value (M)	\$898	\$957	\$1,040	\$1,043	\$1,022	\$1,036	2.9%
Revenue (M)	\$204	\$222	\$237	\$251	\$261	\$277	6.3%
Op. Income (M)	\$18	\$25	\$32	\$33	\$31	\$31	11.5%
Rev. Multiple	4.4x	4.3x	4.4x	4.2x	3.9x	3.7x	-3.2%
Op. Income Multiple	50.5x	38.8x	32.2x	31.2x	33.4x	33.9x	-7.7%
Ticket Price	\$62.38	\$67.11	\$72.20	\$73.34	\$76.47	\$77.34	4.4%
Regular Season Home Attendance	550,185	549,610	546,106	539,982	535,626	538,865	-0.4%
Revenue from Home Ticketing	16.8%	16.6%	16.7%	15.8%	15.7%	15.0%	-2.2%

NFL Transactions 1988-2011

No.	Year	Acquirer	Target	% Acquired	Transaction Value	Implied Enterprise Value	2011 Forbes Value
(US\$ in Millions)							
1	2010	Stan Kroenke	St. Louis Rams	60%	\$450	\$750	\$775
2	2009	Stephen Ross	Miami Dolphins	95%	1100	1158	\$1,012
3	2008	Dan and Art Rooney Group	Pittsburgh Steelers	64%	512	800	\$1,018
4	2007	Paul Leff, David Abrams, Dan Goldring	Oakland Raiders	20%	150	750	\$761
5	2005	Zygmunt Wilf Group	Minnesota Vikings	100%	600	600	\$796
6	2004	Stephen Bisciotti	Baltimore Ravens	100%	600	600	\$1,088
7	2003	Fred Smith, Dwight Schar, Robert Rothman	Washington Redskins	20%	200	1000	\$1,555
8	2002	Joe Gibbs / John Imray, Jr., John Williams	Atlanta Falcons	5%	27	540	\$814
9	2001	Arthur Blank	Atlanta Falcons	100%	545	545	\$814
10	2000	Robert Wood Johnson IV	New York Jets	100%	635	635	\$1,223
11	1999	Robert McNair	Houston Texans	100%	700	700	\$1,202
12	1999	Daniel Snyder Group	Washington Redskins	100%	800	800	\$1,555
13	1998	Al Lerner, Carmen Policy	Cleveland Browns	100%	530	530	\$977
14	1998	Billy Joe McCombs	Minnesota Vikings	96%	246	256	\$796
15	1997	Paul Allen	Seattle Seahawks	100%	200	200	\$997
16	1995	Malcolm Glazer and Family	Tampa Bay Buccaneers	100%	192	192	\$981
17	1994	Robert Kraft	New England Patriots	100%	172	172	\$1,400
18	1994	Jeff Lurie	Philadelphia Eagles	100%	185	185	\$1,164
19	1994	Wayne Huizenga	Miami Dolphins	15%	138	920	\$1,012
20	1993	Wayne Weaver	Jacksonville Jaguars	100%	140	140	\$725
21	1993	Jerry Richardson Group	Carolina Panthers	100%	140	140	\$1,002
22	1992	James Busch Orthwein	New England Patriots	100%	110	110	\$1,400
23	1991	Mike Lynn Group	Minnesota Vikings	51%	52	102	\$796
24	1991	Robert Tisch	New York Giants	50%	150	300	\$1,300
25	1989	Jerry Jones Group	Dallas Cowboys	100%	150	150	\$1,850
26	1988	Ken Behring, Ken Hoffman	Seattle Seahawks	75%	80	107	\$997

Sources: WR Hambrecht+Co, Forbes, Various Published Reports

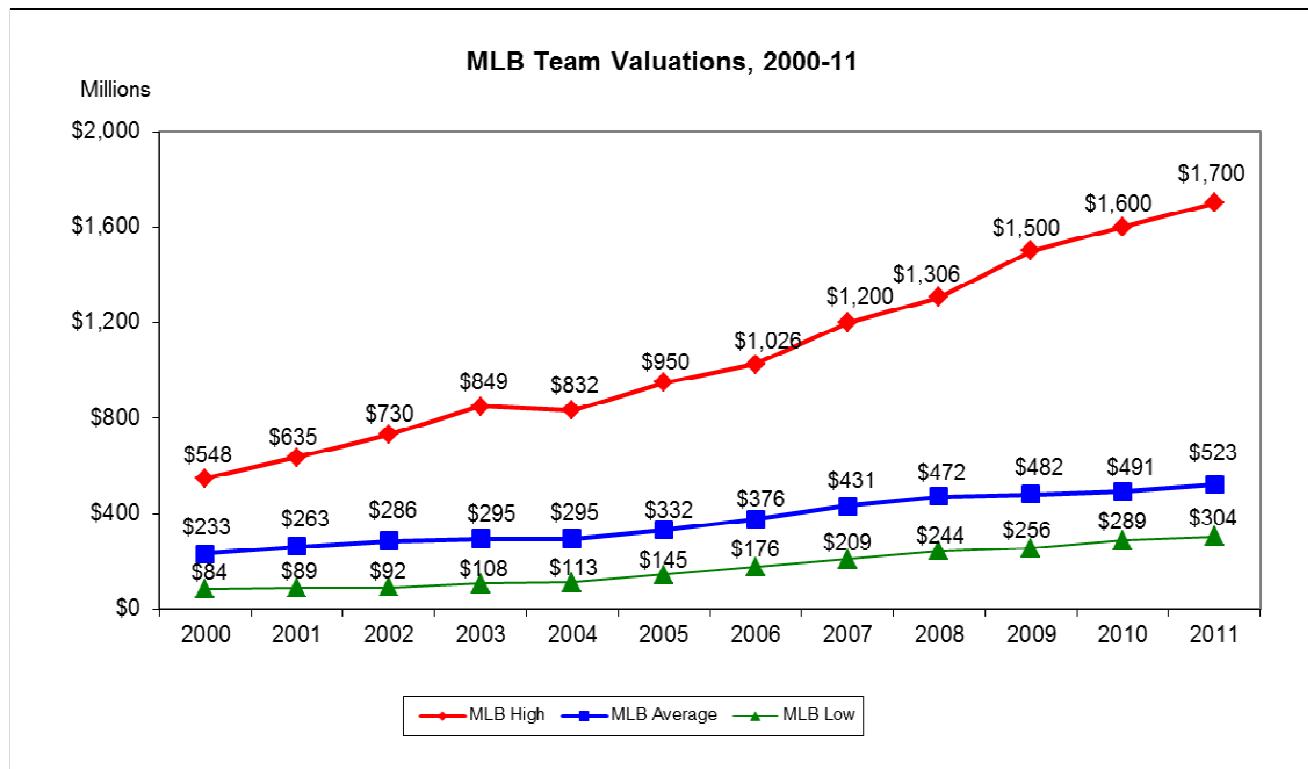
Selected 2011 NFL Operating Results

Sports Team	Franchise Value (\$M)	Estimated Revenue (\$M)	Estimated Operating Income (\$M)	Revenue Multiple	Operating Income Multiple	Regular Season Home Attendance	Average Ticket Price (USD)
Arizona Cardinals	\$901	\$261	\$72	3.5x	12.5x	489,455	\$67.78
Atlanta Falcons	814	248	36	3.3x	22.5x	551,892	68.91
Baltimore Ravens	1,088	276	24	3.9x	44.7x	569,792	86.92
Buffalo Bills	792	250	43	3.2x	18.3x	501,552	59.19
Carolina Panthers	1,002	270	34	3.7x	29.6x	578,342	63.32
Chicago Bears	1,093	281	42	3.9x	26.1x	497,166	101.55
Cincinnati Bengals	875	251	52	3.5x	16.8x	394,009	72.04
Cleveland Browns	977	256	-3	3.8x	NA	526,874	54.20
Dallas Cowboys	1,850	453	150	4.1x	12.3x	684,096	110.20
Denver Broncos	1,046	266	29	3.9x	36.3x	602,618	76.75
Detroit Lions	844	240	-8	3.5x	NA	509,940	62.40
Green Bay Packers	1,089	274	11	4.0x	102.7x	564,097	75.65
Houston Texans	1,202	297	38	4.0x	31.4x	571,969	73.40
Indianapolis Colts	1,057	274	35	3.9x	30.5x	518,627	85.34
Jacksonville Jaguars	725	251	35	2.9x	20.5x	498,655	58.90
Kansas City Chiefs	986	268	13	3.7x	77.7x	576,659	66.66
Miami Dolphins	1,012	267	11	3.8x	94.9x	487,089	70.32
Minnesota Vikings	796	241	3	3.3x	289.4x	502,529	75.69
New England Patriots	1,400	353	43	4.0x	32.7x	550,048	117.84
New Orleans Saints	985	288	30	3.4x	32.3x	584,336	74.99
New York Giants	1,300	322	44	4.0x	29.5x	635,800	111.69
New York Jets	1,223	313	24	3.9x	51.5x	631,888	120.85
Oakland Raiders	781	228	28	3.3x	27.5x	473,938	62.23
Philadelphia Eagles	1,164	287	25	4.1x	45.7x	553,152	69.00
Pittsburgh Steelers	1,018	271	29	3.8x	35.2x	504,279	74.32
San Diego Chargers	920	258	36	3.6x	25.2x	523,143	80.30
San Francisco 49ers	990	249	1	4.0x	997.0x	557,856	83.54
Seattle Seahawks	997	263	9	3.8x	116.9x	531,311	66.60
St. Louis Rams	775	239	23	3.2x	33.5x	451,153	70.12
Tampa Bay Buccaneers	981	254	50	3.9x	19.8x	452,912	71.47
Tennessee Titans	964	264	19	3.6x	51.8x	553,144	63.55
Washington Redskins	1,555	363	59	4.9x	26.2x	615,368	79.13
Mean	\$1,036	\$277	\$31	3.7x	33.9x	538,865	\$77.34

Source: WR Hambrecht+Co, Forbes, ESPN, Team Marketing Report

Major League Baseball

FIGURE 19



Source: *Forbes*, WRHambrecht+Co

The average value of an MLB franchise has increased by 124.3% over the last eleven years, and by a 7.1% CAGR from 2001 to 2011. See Figure 19. In 2011, MLB revenue is expected to have approached \$6.5 billion, for a five-year CAGR of 5.3%. MLB's gross revenues have been on the rise since 2004 for the overwhelming majority of teams, and the underlying valuations have increased as well. Indeed, for 2011, the franchise valuations for all but three teams have increased, underscoring the relative health of the game in the American landscape. In spite of the generally across the board increases in valuation, MLB continues to be dominated by the large market teams. As Figure 19 can attest to, there is a growing disparity between small market and large market teams, and absent further regulation to rein in spending by larger market franchises, we expect this trend to continue.

Metric	2006	2007	2008	2009	2010	2011	5yr CAGR
Franchise Value (M)	\$376	\$431	\$472	\$482	\$491	\$523	6.8%
Revenue (M)	\$170	\$183	\$194	\$197	\$205	\$215	4.8%
Op. Income (M)	\$17	\$16	\$17	\$17	\$16	\$17	0.2%
Rev. Multiple	2.2x	2.4x	2.4x	2.5x	2.4x	2.4x	1.9%
Op. Income Multiple	22.8x	26.3x	28.2x	27.7x	29.8x	31.3x	6.6%
Ticket Price	\$22.21	\$22.77	\$25.43	\$26.64	\$26.74	\$26.91	3.9%
Regular Season Home Attendance	2,544,990	2,654,129	2,633,847	2,454,145	2,440,695	2,457,050	-0.7%
Revenue from Home Ticketing	33.2%	33.0%	34.5%	33.3%	31.9%	30.7%	-1.5%

Source: WR Hambrecht+Co, *Forbes*, ESPN, Team Marketing Report

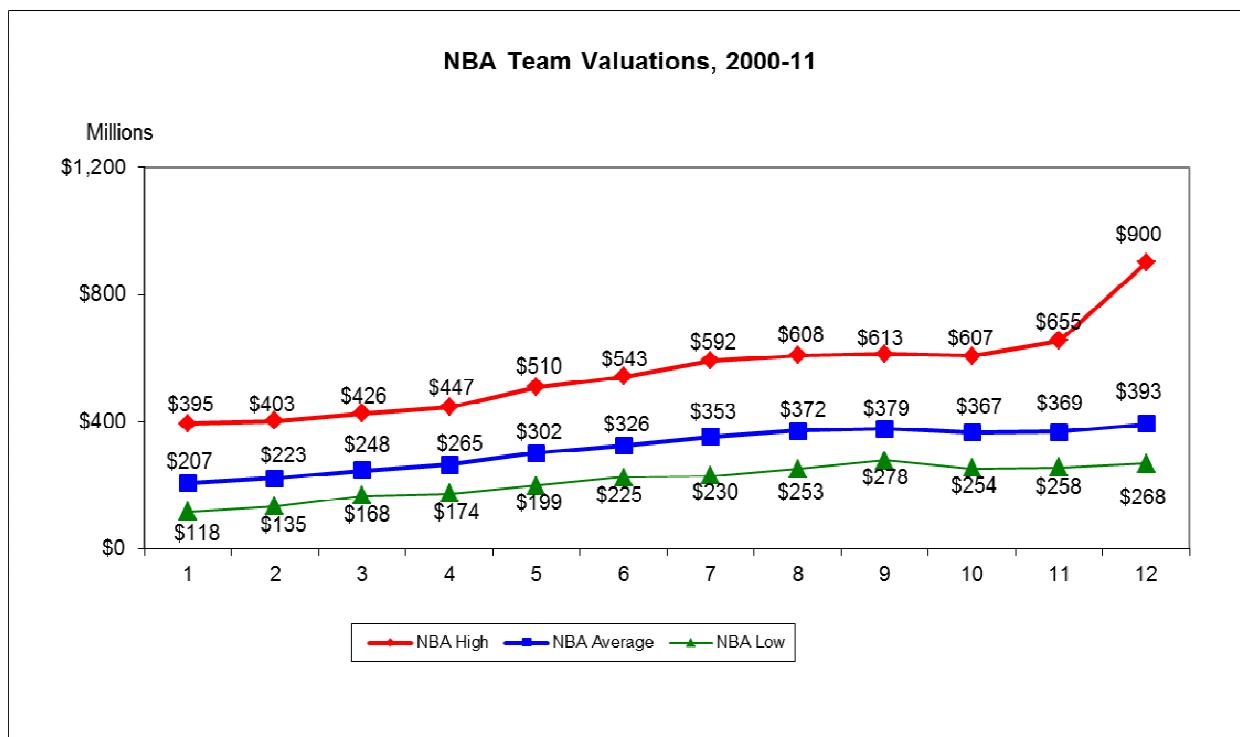
Selected 2011 MLB Operating Results

Sports Team	Franchise Value (\$M)	Estimated Revenue (\$M)	Estimated Operating Income (\$M)	Revenue Multiple	Operating Income Multiple	Regular Season Home Attendance	Average Ticket Price (USD)
Arizona Diamondbacks	\$398	\$188	\$5	2.1x	82.1x	2,105,432	\$15.74
Atlanta Braves	482	207	21	2.3x	22.7x	2,432,997	19.38
Baltimore Orioles	411	179	27	2.3x	15.5x	1,777,383	23.90
Boston Red Sox	912	288	-1	3.2x	NA	3,054,001	53.38
Chicago Cubs	773	278	29	2.8x	26.6x	3,017,966	46.90
Chicago White Sox	526	223	29	2.4x	18.2x	2,001,117	40.67
Cincinnati Reds	375	189	21	2.0x	18.2x	2,213,498	20.56
Cleveland Indians	353	172	10	2.1x	36.0x	1,840,835	18.49
Colorado Rockies	414	198	16	2.1x	25.4x	2,909,777	19.50
Detroit Tigers	385	203	-29	1.9x	NA	2,642,045	29.32
Florida Marlins	360	148	20	2.4x	17.9x	1,539,567	19.06
Houston Astros	474	202	12	2.3x	38.2x	2,087,016	30.84
Kansas City Royals	351	170	9	2.1x	39.2x	1,724,450	18.95
Los Angeles Angels of Anaheim	554	235	-16	2.4x	NA	3,186,321	17.13
Los Angeles Dodgers	800	259	39	3.1x	20.4x	2,935,139	30.59
Milwaukee Brewers	378	191	11	2.0x	34.1x	3,071,373	22.10
Minnesota Twins	490	241	35	2.0x	14.2x	3,188,107	33.04
New York Mets	747	241	-6	3.1x	NA	2,438,748	31.81
New York Yankees	1,700	466	26	3.7x	66.1x	3,653,680	51.83
Oakland Athletics	307	187	25	1.8x	12.3x	1,478,792	21.52
Philadelphia Phillies	609	254	8	2.4x	75.8x	3,680,718	36.29
Pittsburgh Pirates	304	168	25	1.8x	12.1x	1,964,655	15.30
San Diego Padres	408	159	46	2.6x	8.8x	2,143,018	15.45
San Francisco Giants	563	244	36	2.3x	15.5x	3,387,303	25.04
Seattle Mariners	449	209	11	2.1x	42.7x	1,896,321	26.40
St. Louis Cardinals	518	217	24	2.4x	21.8x	3,093,954	31.17
Tampa Bay Rays	331	178	5	1.9x	60.6x	1,529,188	19.42
Texas Rangers	561	219	22	2.6x	25.3x	2,946,949	18.60
Toronto Blue Jays	337	175	2	1.9x	142.8x	1,818,103	24.35
Washington Nationals	417	206	39	2.0x	10.8x	2,015,037	30.54
Mean	\$523	\$215	\$17	2.4x	31.3x	2,457,050	\$26.91

Source: WR Hambrecht+Co, Forbes, ESPN, Team Marketing Report

National Basketball Association

FIGURE 20



The average value of an NBA franchise has increased by 89.6% since 2000, and by a 5.8% CAGR over the last decade. See Figure 20. The NBA is in fact coming off a very successful season last year, as gross revenues soared to an all-time high of \$4.0 billion. This success, however, is tempered by several factors heading into this season, not the least of which was the momentum-hindering lockout. Further, while gross revenues increased, operating income suffered, with only 14 of the 30 teams showing a positive operation profit. While the NBA was able to avoid a season cancellation in the eleventh hour as well as negotiate myriad lucrative television deals, it remains to be seen what effect the shortened season will have on operating metrics as well as fan support.

Selected Average Historical NBA Franchise Metrics							
Metric	2006	2007	2008	2009	2010	2011	5yr CAGR
Franchise Value (M)	\$353	\$372	\$379	\$367	\$369	\$393	2.1%
Revenue (M)	\$112	\$119	\$126	\$126	\$127	\$132	3.3%
Op. Income (M)	\$7	\$10	\$11	\$8	\$6	\$6	-3.3%
Rev. Multiple	3.1x	3.1x	3.0x	2.9x	2.9x	3.0x	-1.1%
Op. Income Multiple	51.2x	38.2x	35.8x	47.3x	60.6x	67.4x	5.6%
Ticket Price	\$46.99	\$48.83	\$49.47	\$48.90	\$47.66	\$48.48	0.6%
Regular Season Home Attendance	719,285	728,198	713,159	717,380	703,134	710,086	-0.3%
Revenue from Home Ticketing	30.1%	29.9%	28.1%	27.8%	26.4%	26.1%	-2.8%

Source: WR Hambrecht+Co, Forbes, ESPN, Team Marketing Report

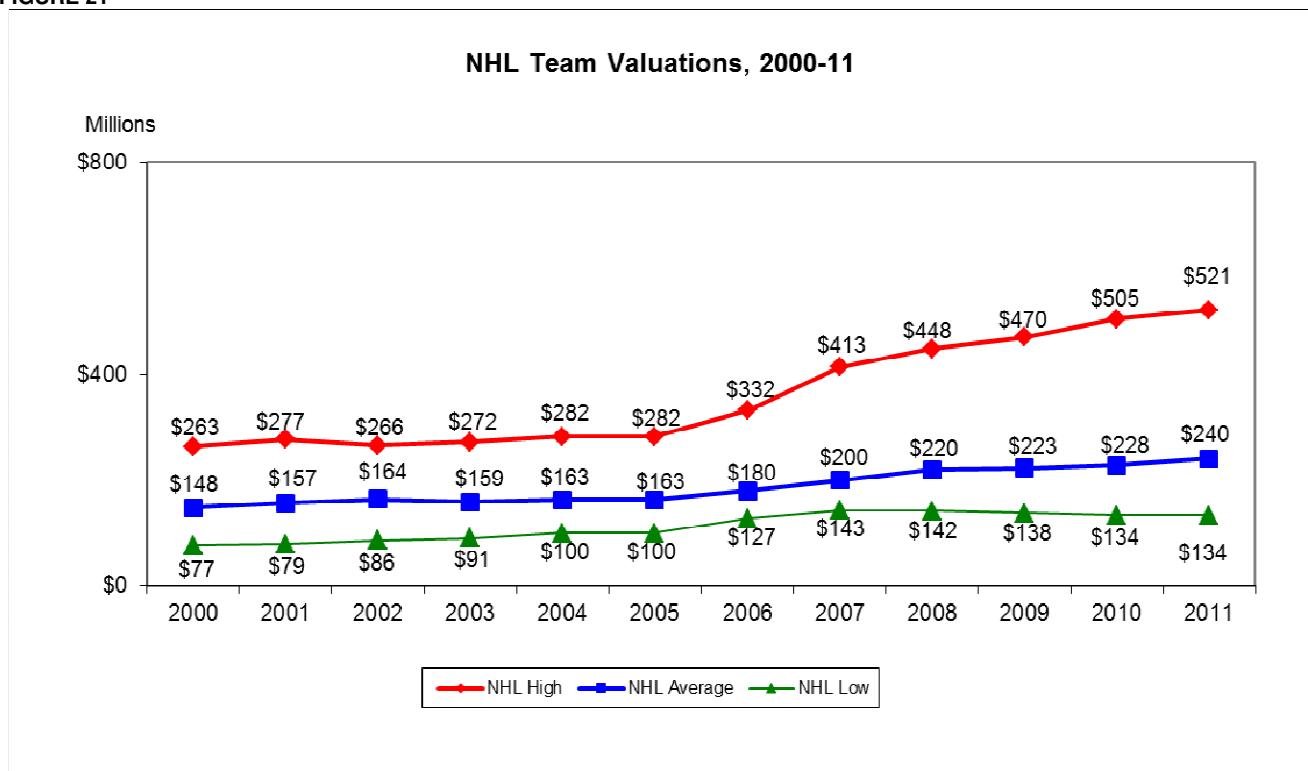
Selected 2010-11 NBA Operating Results

Sports Team	Franchise Value (\$M)	Estimated Revenue (\$M)	Estimated Operating Income (\$M)	Revenue Multiple	Operating Income Multiple	Regular Season Home Attendance	Average Ticket Price (USD)
Atlanta Hawks	\$295	\$109	-\$15	2.7x	NA	641,596	\$36.13
Boston Celtics	452	146	8	3.1x	58.7x	763,584	68.55
Charlotte Bobcats	281	101	-26	2.8x	NA	649,694	29.27
Chicago Bulls	511	185	59	2.8x	8.6x	893,462	68.37
Cleveland Cavaliers	355	149	33	2.4x	10.8x	824,595	48.62
Dallas Mavericks	438	166	-4	2.6x	NA	824,162	49.45
Denver Nuggets	316	113	-1	2.8x	NA	692,968	47.30
Detroit Pistons	360	141	10	2.6x	37.1x	683,080	41.26
Golden State Warriors	363	139	22	2.6x	16.4x	766,398	34.13
Houston Rockets	443	150	18	3.0x	24.7x	683,839	41.00
Indiana Pacers	269	101	-11	2.7x	NA	555,077	30.59
Los Angeles Clippers	305	108	9	2.8x	32.4x	727,462	51.47
Los Angeles Lakers	643	208	24	3.1x	26.5x	778,877	99.25
Memphis Grizzlies	266	99	-25	2.7x	NA	600,687	22.95
Miami Heat	425	158	26	2.7x	16.3x	810,930	67.00
Milwaukee Bucks	258	92	-8	2.8x	NA	631,910	46.00
Minnesota Timberwolves	264	97	-7	2.7x	NA	624,960	31.50
New Jersey Nets	312	89	-24	3.5x	NA	581,378	37.06
New Orleans Hornets	280	109	-3	2.6x	NA	603,088	30.49
New York Knicks	655	244	75	2.7x	8.7x	808,879	117.47
Oklahoma City Thunder	329	126	25	2.6x	13.4x	744,068	47.15
Orlando Magic	385	140	-16	2.8x	NA	777,852	43.65
Philadelphia 76ers	330	116	-10	2.8x	NA	604,823	39.25
Phoenix Suns	411	136	13	3.0x	31.4x	720,249	60.63
Portland Trail Blazers	356	132	-8	2.7x	NA	840,924	48.40
Sacramento Kings	293	104	6	2.8x	45.8x	569,496	48.17
San Antonio Spurs	404	139	14	2.9x	28.1x	750,879	58.45
Toronto Raptors	399	134	7	3.0x	53.9x	679,208	46.98
Utah Jazz	343	120	-16	2.9x	NA	799,982	42.10
Washington Wizards	322	109	-3	3.0x	NA	688,466	23.64
Mean	\$369	\$3,960	\$175	0.1x	2.1x	710,086	\$48.48

Source: WR Hambrecht+Co, Forbes, ESPN, Team Marketing Report

National Hockey League

FIGURE 21



The average NHL franchise's value has increased by 62.1% since 2000, with a 4.3% CAGR over the last ten years. See Figure 21. League revenues increased 5.5% year over year, to and all time high of \$3.1 billion, which trails the historical five-year CAGR of 8.1%. Franchise values are also at an all-time high, though climbing player costs are undercutting the hockey's bottom line profitability. Events like the Winter Classic have given the sport a popularity boost, as have new sponsorship and merchandise arrangements. Despite these positive developments, many teams continue to struggle financially, and the implementation of a salary cap has done little to stem the growing wealth disparity between the large and small market teams. Unless the NHL can address these issues, we believe we will continue to see such struggling teams seek more advantageous playing locales and perhaps sales under market value.

Selected Average Historical NHL Franchise Metrics						
Metric	2006	2007	2008	2009	2010	2011
Franchise Value (M)	\$180	\$200	\$220	\$223	\$228	\$240
Revenue (M)	\$76	\$81	\$92	\$94	\$98	\$103
Op. Income (M)	\$4	\$3	\$5	\$6	\$5	\$4
Rev. Multiple	2.4x	2.5x	2.4x	2.4x	2.3x	2.3x
Op. Income Multiple	43.1x	62.9x	46.5x	36.4x	42.8x	56.9x
Ticket Price	\$43.13	\$48.72	\$49.66	\$51.27	\$54.25	\$57.10
Regular Season Home Attendance	695,143	695,243	709,620	716,518	699,977	702,028
Revenue from Home Ticketing	39.7%	41.7%	38.5%	39.1%	38.9%	38.9%
5yr CAGR	7.5%	8.1%	0.3%	-0.5%	7.2%	7.3%

Source: WR Hambrecht+Co, Forbes, ESPN, Team Marketing Report

Conclusion

The US sports market is an incredibly unique sector for a multitude of reasons, the most significant of which is that it is highly resistant to the ebbs and flows of the economy overall. Indeed, fan support, in terms of attendance and overall spend has continued to rise despite the recent economic recession, and we do not expect that this trend will reverse. Players in the market may draw upon diverse revenue streams, and leverage dedicated fan support into strong operating performance.

With its ever increasing media rights contracts and strong advertiser support for sports events, networks will continue to compete with one another for access to sports market programming. In looking at the operating performance across the major leagues as well as the evolving landscape of sports in the US, it appears clear that the demand for events will continue to grow and perhaps always remain one step ahead of the supply of such events. This, as well as other factors, makes the US sports market an exceptional sector for investment.

Appendix A: Franchise Values

NFL Franchise Values (\$M)							
Sports Team	2006	2007	2008	2009	2010	2011	5yr CAGR
Arizona Cardinals	\$789	\$888	\$914	\$935	\$919	\$901	2.7%
Atlanta Falcons	730	796	872	856	831	814	2.2%
Baltimore Ravens	946	965	1,062	1,079	1,073	1,088	2.8%
Buffalo Bills	756	821	885	909	799	792	0.9%
Carolina Panthers	936	956	1,040	1,049	1,037	1,002	1.4%
Chicago Bears	945	984	1,064	1,082	1,067	1,093	3.0%
Cincinnati Bengals	825	912	941	953	905	875	1.2%
Cleveland Browns	970	969	1,035	1,032	1,015	977	0.1%
Dallas Cowboys	1,173	1,500	1,612	1,650	1,805	1,850	9.5%
Denver Broncos	975	994	1,061	1,081	1,049	1,046	1.4%
Detroit Lions	839	870	917	872	817	844	0.1%
Green Bay Packers	911	927	1,023	1,019	1,018	1,089	3.6%
Houston Texans	1,043	1,056	1,125	1,150	1,171	1,202	2.9%
Indianapolis Colts	837	911	1,076	1,025	1,040	1,057	4.8%
Jacksonville Jaguars	744	811	876	866	725	725	-0.5%
Kansas City Chiefs	894	960	1,016	1,027	965	986	2.0%
Miami Dolphins	912	942	1,044	1,015	1,011	1,012	2.1%
Minnesota Vikings	720	782	839	835	774	796	2.0%
New England Patriots	1,176	1,199	1,324	1,361	1,367	1,400	3.5%
New Orleans Saints	738	854	937	942	955	965	5.5%
New York Giants	890	974	1,178	1,183	1,182	1,300	7.9%
New York Jets	876	967	1,170	1,170	1,144	1,223	6.9%
Oakland Raiders	736	812	861	797	758	761	0.7%
Philadelphia Eagles	1,024	1,052	1,116	1,123	1,119	1,164	2.6%
Pittsburgh Steelers	880	929	1,015	1,020	996	1,018	3.0%
San Diego Chargers	731	826	888	917	907	920	4.7%
San Francisco 49ers	734	799	865	875	925	990	6.2%
Seattle Seahawks	888	921	1,010	994	989	997	2.3%
St. Louis Rams	841	908	929	913	779	775	-1.6%
Tampa Bay Buccaneers	955	963	1,053	1,085	1,032	981	0.5%
Tennessee Titans	886	922	994	1,000	994	984	1.7%
Washington Redskins	1,423	1,467	1,538	1,550	1,550	1,555	1.8%
Mean	\$898	\$957	\$1,040	\$1,043	\$1,022	\$1,036	2.9%

Source: WR Hambrecht+Co, Forbes, various published reports

MLB Franchise Values (\$M)							
Sports Team	2006	2007	2008	2009	2010	2011	5yr CAGR
Arizona Diamondbacks	\$305	\$339	\$379	\$390	\$379	\$396	5.4%
Atlanta Braves	405	458	497	446	450	482	3.5%
Baltimore Orioles	358	395	398	400	376	411	2.7%
Boston Red Sox	617	724	816	833	870	912	8.1%
Chicago Cubs	448	592	642	700	726	773	11.5%
Chicago White Sox	315	381	443	450	466	526	10.8%
Cincinnati Reds	274	307	337	342	331	375	6.5%
Cleveland Indians	352	364	417	399	391	353	0.1%
Colorado Rockies	298	317	371	373	384	414	6.8%
Detroit Tigers	292	357	407	371	375	385	5.7%
Florida Marlins	226	244	256	277	317	360	9.8%
Houston Astros	416	442	463	445	453	474	2.6%
Kansas City Royals	239	282	301	314	341	351	8.0%
Los Angeles Angels of Anaheim	368	431	500	509	521	554	8.5%
Los Angeles Dodgers	482	632	694	722	727	800	10.7%
Milwaukee Brewers	235	287	331	347	351	376	9.9%
Minnesota Twins	216	288	328	356	405	490	17.8%
New York Mets	604	736	824	912	858	747	4.3%
New York Yankees	1,026	1,200	1,306	1,500	1,600	1,700	10.6%
Oakland Athletics	234	292	323	319	295	307	5.6%
Philadelphia Phillies	424	457	481	496	537	609	7.5%
Pittsburgh Pirates	250	274	292	288	289	304	4.0%
San Diego Padres	354	367	385	401	408	406	2.8%
San Francisco Giants	410	459	494	471	483	563	6.5%
Seattle Mariners	428	436	466	426	439	449	1.0%
St. Louis Cardinals	429	460	484	486	488	518	3.8%
Tampa Bay Rays	209	267	290	320	316	331	9.6%
Texas Rangers	353	365	412	405	451	561	9.7%
Toronto Blue Jays	286	344	352	353	326	337	3.3%
Washington Nationals	440	447	460	406	387	417	-1.1%
Mean	\$376	\$431	\$472	\$482	\$491	\$523	6.8%

Source: WR Hambrecht+Co, Forbes, various published reports

Sports Team	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	5yr CAGR
Atlanta Hawks	\$275	\$286	\$306	\$306	\$295	\$270	-0.4%
Boston Celtics	367	391	447	433	452	482	5.6%
Charlotte Bobcats	277	287	284	278	281	277	0.0%
Chicago Bulls	461	500	504	511	511	600	5.4%
Cleveland Cavaliers	380	455	477	476	355	329	-2.8%
Dallas Mavericks	463	461	466	446	438	497	1.4%
Denver Nuggets	309	321	329	321	316	316	0.4%
Detroit Pistons	429	477	480	479	360	332	-5.0%
Golden State Warriors	267	309	335	315	363	450	11.0%
Houston Rockets	439	462	469	470	443	453	0.6%
Indiana Pacers	340	333	303	281	269	283	-3.6%
Los Angeles Clippers	285	294	297	295	305	324	2.6%
Los Angeles Lakers	568	560	584	607	643	900	9.6%
Memphis Grizzlies	313	304	294	257	266	269	-3.0%
Miami Heat	409	418	393	364	425	457	2.2%
Milwaukee Bucks	260	264	278	254	258	268	0.6%
Minnesota Timberwolves	308	308	301	268	264	272	-2.5%
New Jersey Nets	325	338	295	269	312	357	1.9%
New Orleans Hornets	248	272	285	267	280	285	2.8%
New York Knicks	592	608	613	586	655	780	5.7%
Oklahoma City Thunder	268	269	300	310	329	348	5.4%
Orlando Magic	283	322	349	361	385	385	6.3%
Philadelphia 76ers	375	380	360	344	330	314	-3.5%
Phoenix Suns	410	449	452	429	411	395	-0.7%
Portland Trail Blazers	230	253	307	338	356	370	10.0%
Sacramento Kings	379	385	350	305	293	300	-4.6%
San Antonio Spurs	390	405	415	398	404	418	1.4%
Toronto Raptors	315	373	400	386	399	382	3.9%
Utah Jazz	297	342	358	343	343	335	2.4%
Washington Wizards	334	348	353	313	322	328	-0.4%
Mean	\$353	\$372	\$379	\$367	\$369	\$393	2.1%

Source: WR Hambrecht+Co, Forbes, various public reports

NHL Franchise Values (\$M)							
Sports Team	2005-06	2006-07	2007-08	2008-09	2009-2010	2010-2011	5yr CAGR
Anaheim Ducks	\$157	\$197	\$202	\$206	\$188	\$184	3.2%
Atl. Thrashers/Winnipeg	128	148	158	143	135	164	5.1%
Boston Bruins	235	243	263	271	302	325	6.7%
Buffalo Sabres	149	162	169	170	169	173	3.0%
Calgary Flames	135	164	203	200	206	220	10.3%
Carolina Hurricanes	144	156	168	177	162	169	3.3%
Chicago Blackhawks	168	179	205	258	300	306	12.7%
Colorado Avalanche	219	214	231	205	198	198	-2.0%
Columbus Blue Jackets	139	150	157	165	153	152	1.8%
Dallas Stars	248	254	273	246	227	230	-1.5%
Detroit Red Wings	258	293	303	337	315	336	5.4%
Edmonton Oilers	146	157	175	166	183	212	7.7%
Florida Panthers	142	151	163	159	168	162	2.7%
Los Angeles Kings	205	209	210	208	215	232	2.5%
Minnesota Wild	163	180	217	210	202	213	6.6%
Montreal Canadiens	230	283	334	339	408	445	14.1%
Nashville Predators	134	143	164	156	148	163	4.0%
New Jersey Devils	148	195	222	223	218	181	4.1%
New York Islanders	140	149	154	149	151	149	1.3%
New York Rangers	306	365	411	416	461	507	10.6%
Ottawa Senators	159	186	207	197	196	201	4.8%
Philadelphia Flyers	246	244	275	273	301	290	3.3%
Phoenix Coyotes	143	147	142	138	134	134	-1.3%
Pittsburgh Penguins	133	155	195	222	235	264	14.7%
San Jose Sharks	145	165	179	184	194	211	7.8%
St. Louis Blues	150	144	162	176	165	157	0.9%
Tampa Bay Lightning	172	199	200	191	145	174	0.2%
Toronto Maple Leafs	332	413	448	470	505	521	9.4%
Vancouver Canucks	192	211	236	239	262	300	9.3%
Washington Capitals	127	145	160	183	197	225	12.1%
Mean	\$180	\$200	\$220	\$223	\$228	\$240	5.9%

Source: WR Hambrecht+Co, Forbes, various published reports

Appendix B: Revenues

NFL Revenues (\$M)							
Sports Team	2006	2007	2008	2009	2010	2011(e)	5yr CAGR
Arizona Cardinals	\$189	\$203	\$223	\$236	\$240	\$261	8.7%
Atlanta Falcons	185	203	214	231	233	248	6.5%
Baltimore Ravens	205	226	240	255	262	276	5.4%
Buffalo Bills	189	206	222	228	236	250	6.0%
Carolina Panthers	203	221	238	247	257	270	5.2%
Chicago Bears	209	226	241	254	266	281	5.8%
Cincinnati Bengals	194	205	222	232	236	251	6.2%
Cleveland Browns	206	220	235	242	247	256	3.7%
Dallas Cowboys	242	269	280	420	406	453	11.6%
Denver Broncos	212	226	240	250	255	286	4.3%
Detroit Lions	189	204	208	210	228	240	5.1%
Green Bay Packers	197	218	232	242	259	274	5.9%
Houston Texans	225	239	256	272	283	297	5.0%
Indianapolis Colts	184	203	233	248	252	274	8.6%
Jacksonville Jaguars	189	204	217	220	236	251	6.4%
Kansas City Chiefs	196	214	228	235	252	268	6.3%
Miami Dolphins	215	232	242	247	253	287	5.5%
Minnesota Vikings	182	195	209	221	227	241	6.3%
New England Patriots	255	282	302	318	333	353	5.9%
New Orleans Saints	194	213	232	245	261	288	10.3%
New York Giants	195	214	230	241	283	322	10.0%
New York Jets	193	213	227	238	285	313	9.7%
Oakland Raiders	189	205	215	217	217	228	4.9%
Philadelphia Eagles	224	237	250	260	274	287	4.7%
Pittsburgh Steelers	198	216	235	243	255	271	6.4%
San Diego Chargers	192	207	224	233	241	258	7.2%
San Francisco 49ers	186	201	214	226	234	249	6.5%
Seattle Seahawks	196	215	231	241	249	263	5.7%
St. Louis Rams	193	206	217	223	228	239	5.0%
Tampa Bay Buccaneers	205	224	241	246	245	254	3.8%
Tennessee Titans	196	216	232	242	250	284	5.8%
Washington Redskins	312	327	345	353	352	383	3.0%
Mean	\$204	\$222	\$237	\$251	\$261	\$277	6.3%
Total	\$6,539	\$7,090	\$7,575	\$8,016	\$8,345	\$8,867	6.3%

MLB Revenues (\$M)							
Sports Team	2006	2007	2008	2009	2010	2011(e)	5yr CAGR
Arizona Diamondbacks	\$154	\$165	\$177	\$172	\$180	\$188	4.4%
Atlanta Braves	183	199	186	188	201	\$207	3.2%
Baltimore Orioles	158	166	174	171	175	\$179	2.3%
Boston Red Sox	234	263	269	266	272	\$288	5.7%
Chicago Cubs	197	214	239	246	258	\$278	7.6%
Chicago White Sox	173	193	196	194	210	\$223	6.0%
Cincinnati Reds	146	161	171	166	179	\$189	5.5%
Cleveland Indians	158	181	181	170	188	\$172	2.3%
Colorado Rockies	151	169	178	183	188	\$198	5.3%
Detroit Tigers	170	173	186	188	192	\$203	5.6%
Florida Marlins	122	128	139	144	143	\$148	3.7%
Houston Astros	184	193	194	189	197	\$202	2.6%
Kansas City Royals	123	131	143	155	180	\$170	6.5%
Los Angeles Angels of Anaheim	187	200	212	217	222	\$235	5.9%
Los Angeles Dodgers	211	224	241	247	246	\$259	5.4%
Milwaukee Brewers	144	158	173	171	179	\$191	6.4%
Minnesota Twins	131	149	158	162	213	\$241	13.3%
New York Mets	217	235	261	268	233	\$241	3.6%
New York Yankees	302	327	375	441	427	\$466	9.0%
Oakland Athletics	146	154	160	155	161	\$167	3.7%
Philadelphia Phillies	183	192	216	233	239	\$254	6.3%
Pittsburgh Pirates	137	139	144	145	180	\$168	5.1%
San Diego Padres	160	167	174	157	159	\$159	0.1%
San Francisco Giants	184	197	196	201	230	\$244	6.1%
Seattle Mariners	182	194	189	191	204	\$209	2.6%
St. Louis Cardinals	184	194	195	195	207	\$217	4.6%
Tampa Bay Rays	134	138	160	156	166	\$178	7.4%
Texas Rangers	155	172	176	180	206	\$219	6.1%
Toronto Blue Jays	157	160	172	163	188	\$175	4.3%
Washington Nationals	144	153	184	184	194	\$206	6.0%
Mean	\$170	\$183	\$194	\$197	\$205	\$215	5.3%
Total	\$5,111	\$5,489	\$5,819	\$5,898	\$6,137	\$6,464	5.3%

Source: WR Hambrecht+Co, Forbes, various published reports

NBA Revenues (\$M)							
Sports Team	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	5yr CAGR
Atlanta Hawks	\$92	\$95	\$103	\$103	\$105	\$109	3.4%
Boston Celtics	111	117	144	144	151	148	5.6%
Charlotte Bobcats	89	93	96	96	98	101	2.6%
Chicago Bulls	149	181	168	168	189	185	4.4%
Cleveland Cavaliers	115	152	159	159	181	149	5.3%
Dallas Mavericks	140	140	164	154	146	166	3.5%
Denver Nuggets	100	104	115	115	113	113	2.5%
Detroit Pistons	138	154	171	171	147	141	0.4%
Golden State Warriors	89	103	113	113	119	139	9.3%
Houston Rockets	142	149	160	160	153	150	1.1%
Indiana Pacers	110	107	97	97	95	101	-1.7%
Los Angeles Clippers	95	98	102	102	102	108	2.6%
Los Angeles Lakers	167	170	191	209	214	208	4.5%
Memphis Grizzlies	101	98	88	88	92	99	-0.4%
Miami Heat	132	131	126	126	124	158	3.7%
Milwaukee Bucks	87	88	91	91	92	92	1.1%
Minnesota Timberwolves	103	103	96	96	95	97	-1.2%
New Jersey Nets	93	102	92	92	89	89	-0.9%
New Orleans Hornets	83	81	85	85	100	108	5.6%
New York Knicks	185	196	202	202	226	244	5.7%
Oklahoma City Thunder	81	81	111	111	118	128	9.2%
Orlando Magic	89	92	107	107	108	140	9.5%
Philadelphia 76ers	110	112	115	115	110	116	1.1%
Phoenix Suns	132	145	148	148	147	136	0.6%
Portland Trail Blazers	77	82	121	121	127	132	11.4%
Sacramento Kings	126	128	109	109	103	104	-3.8%
San Antonio Spurs	122	131	133	133	135	139	2.6%
Toronto Raptors	105	124	133	133	138	134	5.0%
Utah Jazz	96	114	118	118	121	120	4.6%
Washington Wizards	108	112	110	110	107	109	0.2%
Mean	\$112	\$119	\$126	\$126	\$127	\$132	3.3%
Total	\$3,387	\$3,573	\$3,768	\$3,786	\$3,805	\$3,960	3.3%

Source: WR Hambrecht+Co, Forbes, various published reports

NHL Revenues (\$M)							
Sports Team	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	5yr CAGR
Anaheim Ducks	\$75	\$89	\$90	\$94	\$85	\$84	2.9%
Atl. Thrashers/Winnipeg Jets	64	67	70	68	71	71	2.6%
Boston Bruins	86	87	97	108	110	125	9.8%
Buffalo Sabres	70	74	76	79	81	87	5.6%
Calgary Flames	68	77	97	95	98	105	11.5%
Carolina Hurricanes	72	68	75	82	75	81	3.0%
Chicago Blackhawks	67	69	79	108	120	118	15.2%
Colorado Avalanche	81	79	91	84	82	83	0.6%
Columbus Blue Jackets	66	68	71	77	76	80	4.9%
Dallas Stars	89	91	105	97	95	90	0.3%
Detroit Red Wings	89	109	110	130	119	127	9.3%
Edmonton Oilers	75	71	85	83	87	96	6.4%
Florida Panthers	65	67	74	74	76	81	5.7%
Los Angeles Kings	82	84	91	92	98	101	5.3%
Minnesota Wild	71	78	94	95	92	97	8.1%
Montreal Canadiens	90	109	139	130	163	165	16.4%
Nashville Predators	61	65	70	71	74	82	7.7%
New Jersey Devils	62	65	97	97	104	100	12.7%
New York Islanders	56	60	64	62	63	63	3.0%
New York Rangers	109	122	137	139	154	169	11.6%
Ottawa Senators	76	93	98	90	96	100	7.1%
Philadelphia Flyers	88	87	102	101	121	111	6.0%
Phoenix Coyotes	63	67	68	66	67	70	2.7%
Pittsburgh Penguins	63	67	87	93	91	110	15.0%
San Jose Sharks	69	72	85	84	88	96	8.6%
St. Louis Blues	66	66	73	80	79	78	4.3%
Tampa Bay Lightning	82	85	84	80	76	87	1.5%
Toronto Maple Leafs	119	138	160	168	187	193	12.9%
Vancouver Canucks	80	96	107	109	119	146	16.2%
Washington Capitals	63	66	73	83	82	94	10.5%
Mean	\$76	\$81	\$92	\$94	\$98	\$103	8.1%
Total	\$2,267	\$2,436	\$2,747	\$2,819	\$2,929	\$3,090	8.1%

Source: WR Hambrecht+Co, Forbes, various published reports

Appendix C: Attendance

NFL Regular Season Home Attendance							
Sports Team	2006	2007	2008	2009	2010	2011	5yr CAGR
Arizona Cardinals	508,824	516,640	512,768	505,136	502,192	489,455	-0.8%
Atlanta Falcons	563,456	547,180	512,520	545,384	542,800	551,892	-0.4%
Baltimore Ravens	566,544	569,224	570,152	568,656	569,816	569,792	0.1%
Buffalo Bills	541,168	568,432	571,240	561,024	505,560	501,552	-1.5%
Carolina Panthers	588,536	587,216	585,680	586,312	580,960	578,342	-0.3%
Chicago Bears	497,784	497,264	496,272	498,000	497,560	497,166	0.0%
Cincinnati Bengals	527,864	526,320	516,656	512,032	482,912	394,009	-5.7%
Cleveland Browns	578,672	584,000	582,224	551,104	528,928	526,874	-1.9%
Dallas Cowboys	506,304	508,272	506,944	718,048	696,376	684,096	6.2%
Denver Broncos	610,776	612,888	604,074	600,928	599,264	602,618	-0.3%
Detroit Lions	487,112	490,432	435,976	395,160	450,280	509,940	0.9%
Green Bay Packers	565,744	586,440	565,456	565,664	566,360	564,097	-0.1%
Houston Texans	561,464	564,152	563,360	564,864	568,640	571,969	0.4%
Indianapolis Colts	457,152	458,536	531,024	532,392	535,800	518,627	2.6%
Jacksonville Jaguars	534,864	522,408	521,336	397,208	504,256	498,655	-1.4%
Kansas City Chiefs	623,272	614,216	592,616	540,112	541,376	576,659	-1.5%
Miami Dolphins	585,968	567,659	523,912	540,336	541,952	487,089	-3.6%
Minnesota Vikings	509,736	506,046	506,136	510,200	470,008	502,529	-0.3%
New England Patriots	550,048	550,048	550,048	550,048	550,048	550,048	0.0%
New Orleans Saints	550,464	560,032	560,736	560,840	560,304	584,336	1.2%
New York Giants	628,904	629,848	632,552	629,608	632,152	635,800	0.2%
New York Jets	618,588	616,848	627,856	616,416	628,768	631,888	0.4%
Oakland Raiders	467,960	472,876	462,800	354,272	371,448	473,938	0.3%
Philadelphia Eagles	553,792	545,352	553,152	553,152	553,152	553,152	0.0%
Pittsburgh Steelers	499,456	486,672	503,120	507,880	504,664	504,279	0.2%
San Diego Chargers	531,024	524,016	545,104	540,344	524,240	523,143	-0.3%
San Francisco 49ers	545,200	544,224	539,821	557,856	557,856	557,856	0.5%
Seattle Seahawks	543,816	545,544	543,960	539,136	535,936	531,311	-0.5%
St. Louis Rams	522,608	514,352	479,840	441,896	423,376	451,153	-2.9%
Tampa Bay Buccaneers	524,656	522,528	516,088	503,928	394,512	452,912	-2.9%
Tennessee Titans	553,144	553,144	553,144	553,144	553,144	553,144	0.0%
Washington Redskins	701,048	704,720	708,832	678,352	665,376	615,368	-2.6%
Mean	550,185	549,610	546,106	539,982	535,626	538,865	-0.4%

Source: WR Hambrecht+Co, ESPN, various published reports

MLB Regular Season Home Attendance							
Sports Team	2006	2007	2008	2009	2010	2011	5yr CAGR
Arizona Diamondbacks	2,091,505	2,316,507	2,509,924	2,128,799	2,056,519	2,105,432	0.1%
Atlanta Braves	2,581,389	2,745,203	2,532,834	2,373,631	2,510,119	2,432,997	-1.2%
Baltimore Orioles	2,153,250	2,191,860	2,025,000	1,907,163	1,754,622	1,777,383	-3.8%
Boston Red Sox	2,930,768	2,970,755	3,048,250	3,062,699	3,046,445	3,054,001	0.8%
Chicago Cubs	3,162,240	3,252,462	3,300,200	3,208,410	3,062,973	3,017,966	-0.9%
Chicago White Sox	2,957,414	2,684,395	2,501,103	2,284,164	2,194,378	2,001,117	-7.5%
Cincinnati Reds	2,134,472	2,056,453	2,058,632	1,747,919	2,060,551	2,213,498	0.7%
Cleveland Indians	1,998,070	2,304,288	2,198,882	1,821,852	1,408,995	1,840,835	-1.6%
Colorado Rockies	2,105,995	2,347,218	2,683,287	2,665,080	2,911,140	2,909,777	6.7%
Detroit Tigers	2,595,937	3,047,124	3,202,654	2,567,185	2,461,237	2,642,045	0.4%
Florida Marlins	1,165,120	1,370,511	1,351,728	1,520,370	1,524,894	1,539,567	5.7%
Houston Astros	3,022,763	3,020,405	2,814,021	2,521,076	2,331,490	2,067,018	-7.3%
Kansas City Royals	1,389,798	1,616,867	1,618,866	1,820,313	1,635,471	1,724,450	4.4%
Los Angeles Angels of Anaheim	3,406,790	3,365,632	3,336,744	3,240,374	3,250,814	3,186,321	-1.5%
Los Angeles Dodgers	3,758,421	3,856,753	3,730,553	3,761,653	3,562,320	2,935,139	-4.8%
Milwaukee Brewers	2,335,643	2,869,144	3,068,458	3,037,451	2,776,531	3,071,373	5.6%
Minnesota Twins	2,285,018	2,296,383	2,302,431	2,386,746	3,223,640	3,168,107	6.8%
New York Mets	3,509,487	3,853,955	4,144,365	3,154,270	2,624,481	2,438,748	-7.0%
New York Yankees	4,200,518	4,271,867	4,298,655	3,674,495	3,765,807	3,653,680	-2.8%
Oakland Athletics	1,976,625	1,921,844	1,665,256	1,408,783	1,418,391	1,476,792	-5.7%
Philadelphia Phillies	2,770,200	3,108,331	3,422,583	3,600,693	3,647,249	3,680,718	5.8%
Pittsburgh Pirates	1,884,789	1,793,421	1,629,153	1,577,853	1,613,399	1,984,655	0.8%
San Diego Padres	2,659,732	2,790,074	2,427,535	1,922,603	2,131,774	2,143,018	-4.2%
San Francisco Giants	3,130,304	3,223,202	2,863,837	2,861,113	3,037,443	3,387,303	1.6%
Seattle Mariners	2,480,717	2,672,409	2,329,702	2,196,461	2,085,168	1,896,321	-5.2%
St. Louis Cardinals	3,449,628	3,552,166	3,430,660	3,343,252	3,301,218	3,093,954	-2.2%
Tampa Bay Rays	1,369,031	1,389,031	1,802,979	1,874,962	1,864,999	1,529,188	2.2%
Texas Rangers	2,388,757	2,413,395	1,969,920	2,288,921	2,505,171	2,946,949	4.3%
Toronto Blue Jays	2,302,182	2,360,648	2,399,786	1,876,129	1,625,555	1,818,103	-4.6%
Washington Nationals	2,153,150	1,961,579	2,349,405	1,839,915	1,828,066	2,015,037	-1.3%
Mean	2,544,990	2,654,129	2,633,847	2,454,145	2,440,695	2,457,050	-0.7%

Source: WR Hambrecht+Co, ESPN, various published reports

NBA Regular Season Home Attendance							
Sports Team	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	5yr CAGR
Atlanta Hawks	617,817	639,375	667,518	686,688	678,375	641,596	0.8%
Boston Celtics	692,513	690,576	763,584	763,584	744,961	763,584	2.0%
Charlotte Bobcats	671,011	637,520	603,403	595,566	648,790	649,694	-0.6%
Chicago Bulls	868,720	908,600	901,502	869,077	849,760	893,462	0.6%
Cleveland Cavaliers	792,391	837,883	839,074	820,439	843,042	824,595	0.8%
Dallas Mavericks	824,993	834,350	831,738	821,723	819,770	824,162	0.0%
Denver Nuggets	702,555	706,437	711,962	706,165	737,812	692,968	-0.3%
Detroit Pistons	905,116	905,116	905,116	896,971	768,826	683,080	-5.5%
Golden State Warriors	749,193	742,267	804,864	776,660	739,120	766,398	0.5%
Houston Rockets	636,110	678,262	718,524	716,762	677,656	663,839	0.9%
Indiana Pacers	663,368	629,750	501,092	581,472	582,295	555,077	-3.5%
Los Angeles Clippers	712,409	755,261	692,408	662,970	670,063	727,462	0.4%
Los Angeles Lakers	774,189	778,415	778,877	778,877	778,877	778,877	0.1%
Memphis Grizzlies	647,533	600,836	523,578	522,545	552,914	600,687	-1.5%
Miami Heat	818,149	808,741	798,004	747,389	726,935	810,930	-0.2%
Milwaukee Bucks	681,337	663,629	639,421	630,976	619,453	631,910	-1.5%
Minnesota Timberwolves	648,167	655,947	593,537	594,743	619,170	624,960	-0.7%
New Jersey Nets	691,543	695,852	641,921	621,062	537,230	581,378	-3.4%
New Orleans Hornets	744,920	731,065	581,432	695,727	620,366	603,088	-4.1%
New York Knicks	776,176	770,617	782,993	790,801	799,550	808,879	0.8%
Oklahoma City Thunder	664,157	654,163	547,556	766,413	738,149	744,068	2.3%
Orlando Magic	638,005	700,887	709,346	698,768	715,901	777,852	4.0%
Philadelphia 76ers	677,248	615,480	609,675	647,898	583,219	604,823	-2.2%
Phoenix Suns	730,179	755,302	755,302	755,302	723,582	720,249	-0.3%
Portland Trail Blazers	617,199	670,778	801,566	841,499	840,411	840,924	6.4%
Sacramento Kings	709,997	709,817	580,178	515,411	543,416	569,496	-4.3%
San Antonio Spurs	770,677	764,823	761,149	749,048	741,676	750,879	-0.5%
Toronto Raptors	699,242	748,603	796,835	769,707	733,784	679,208	-0.6%
Utah Jazz	751,621	802,294	816,211	816,042	794,512	799,982	1.3%
Washington Wizards	702,002	753,283	736,391	681,117	664,398	688,466	-0.4%
Mean	719,285	728,198	713,159	717,380	703,134	710,086	-0.3%

Source: WR Hambrecht+Co, ESPN, various published reports

NHL Regular Season Home Attendance							
Sports Team	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	5yr CAGR
Anaheim Ducks	619,380	670,916	704,932	696,629	621,903	604,283	-0.5%
Atl. Thrashers/Winnipeg Jets	637,578	665,417	649,081	599,673	557,897	552,230	-2.8%
Boston Bruins	664,673	605,352	630,750	698,638	712,908	720,165	1.8%
Buffalo Sabres	693,329	766,290	817,956	759,798	759,695	756,568	1.8%
Calgary Flames	790,849	790,849	790,849	790,849	790,849	790,849	0.0%
Carolina Hurricanes	639,454	712,861	681,962	679,488	624,873	673,015	1.0%
Chicago Blackhawks	546,075	521,809	689,377	912,155	875,596	878,356	10.0%
Colorado Avalanche	738,287	722,127	690,552	632,602	571,849	607,650	-3.8%
Columbus Blue Jackets	688,655	672,443	607,757	637,284	632,086	559,978	-4.1%
Dallas Stars	730,979	734,508	739,585	724,911	705,817	617,997	-3.3%
Detroit Red Wings	822,706	822,706	773,696	814,474	801,386	806,892	-0.4%
Edmonton Oilers	690,143	690,399	690,399	690,399	690,399	690,399	0.0%
Florida Panthers	656,587	630,183	632,881	640,496	620,986	643,116	-0.4%
Los Angeles Kings	731,475	691,229	680,877	676,042	709,853	741,404	0.3%
Minnesota Wild	761,614	757,280	761,268	761,268	755,055	738,492	-0.6%
Montreal Canadiens	872,194	872,193	872,193	872,193	872,193	872,193	0.0%
Nashville Predators	591,556	625,649	611,328	615,439	614,143	661,861	2.3%
New Jersey Devils	583,448	581,225	638,144	647,397	636,975	605,803	0.8%
New York Islanders	516,973	528,331	559,247	564,697	522,168	453,456	-2.6%
New York Rangers	743,848	746,200	746,200	745,085	741,128	742,432	0.0%
Ottawa Senators	798,453	794,271	812,665	776,947	749,061	753,525	-1.2%
Philadelphia Flyers	805,783	790,591	801,797	801,372	800,966	808,328	0.1%
Phoenix Coyotes	638,871	614,519	607,638	609,907	491,558	499,708	-4.8%
Pittsburgh Penguins	647,975	673,395	700,137	695,997	700,211	747,840	2.9%
San Jose Sharks	690,095	714,316	713,863	717,023	719,904	720,042	0.9%
St. Louis Blues	582,742	513,345	722,021	760,732	774,203	785,150	6.1%
Tampa Bay Lightning	840,887	814,944	766,412	676,409	635,388	708,022	-3.4%
Toronto Maple Leafs	795,747	798,981	796,803	791,795	789,681	793,522	-0.1%
Vancouver Canucks	763,830	763,830	763,830	763,830	771,210	773,260	0.2%
Washington Capitals	570,113	571,129	634,381	741,992	749,357	754,309	5.8%
Mean	695,143	695,243	709,620	716,518	699,977	702,028	0.2%

Source: WR Hambrecht+Co, ESPN, various published reports

Appendix D: Ticket Prices

NFL Average Ticket Price							
Sports Team	2006	2007	2008	2009	2010	2011	5yr CAGR
Arizona Cardinals	\$51.32	\$56.71	\$65.08	\$67.10	\$67.69	\$67.78	5.7%
Atlanta Falcons	60.34	60.34	63.95	72.45	68.22	68.91	2.7%
Baltimore Ravens	62.01	77.20	77.20	86.92	86.92	86.92	7.0%
Buffalo Bills	41.29	46.26	51.24	51.24	59.19	59.19	7.5%
Carolina Panthers	60.44	60.44	63.32	63.32	66.17	63.32	0.9%
Chicago Bears	77.78	84.89	88.33	88.33	93.55	101.55	5.5%
Cincinnati Bengals	60.85	65.85	69.85	69.85	72.04	72.04	3.4%
Cleveland Browns	48.79	48.79	54.41	54.65	54.51	54.20	2.1%
Dallas Cowboys	66.12	84.12	84.12	110.20	110.20	110.20	10.8%
Denver Broncos	68.55	71.46	76.75	76.75	76.75	76.75	2.3%
Detroit Lions	56.90	59.09	66.39	65.72	62.40	62.40	1.9%
Green Bay Packers	58.39	63.39	63.39	63.39	72.36	75.65	5.3%
Houston Texans	56.97	62.41	66.69	68.48	73.40	73.40	5.2%
Indianapolis Colts	60.06	70.98	81.13	82.79	85.34	85.34	7.3%
Jacksonville Jaguars	45.08	49.38	55.30	57.34	57.34	58.90	5.5%
Kansas City Chiefs	67.33	73.92	80.69	80.69	68.44	66.66	-0.2%
Miami Dolphins	59.35	66.11	66.11	65.61	70.54	70.32	3.5%
Minnesota Vikings	71.32	70.91	73.23	73.23	75.69	75.69	1.2%
New England Patriots	90.89	90.89	117.84	117.84	117.84	117.84	5.3%
New Orleans Saints	54.86	54.86	62.22	62.22	74.99	74.99	6.5%
New York Giants	76.59	81.29	88.06	88.63	111.69	111.69	7.8%
New York Jets	74.96	80.70	86.99	86.99	114.84	120.85	10.0%
Oakland Raiders	62.23	62.23	62.23	62.23	62.23	62.23	0.0%
Philadelphia Eagles	69.00	69.00	69.00	69.00	69.00	69.00	0.0%
Pittsburgh Steelers	59.19	65.94	67.47	67.47	74.32	74.32	4.7%
San Diego Chargers	62.82	73.64	81.39	81.39	81.39	80.30	5.0%
San Francisco 49ers	63.70	62.37	70.55	70.55	76.39	83.54	5.6%
Seattle Seahawks	50.46	54.74	61.25	61.25	63.80	66.60	5.7%
St. Louis Rams	63.71	68.28	68.28	70.20	65.80	70.12	1.9%
Tampa Bay Buccaneers	67.97	72.44	90.13	74.25	72.10	71.47	1.0%
Tennessee Titans	47.82	54.32	58.55	60.95	62.95	63.55	5.9%
Washington Redskins	79.13	79.13	79.13	79.13	79.13	79.13	0.0%
Mean	\$62.38	\$67.11	\$72.20	\$73.34	\$76.47	\$77.34	4.4%

Source: WR Hambrecht+Co, Team Marketing Report, various published reports

MLB Average Ticket Price							
Sports Team	2006	2007	2008	2009	2010	2011	5yr CAGR
Arizona Diamondbacks	\$19.68	\$13.79	\$15.96	\$14.31	\$14.31	\$15.74	-4.4%
Atlanta Braves	17.07	17.17	17.05	17.05	17.05	19.38	2.6%
Baltimore Orioles	22.53	22.45	23.85	23.42	23.42	23.90	1.2%
Boston Red Sox	46.46	47.71	48.80	50.24	52.32	53.38	2.8%
Chicago Cubs	34.30	34.30	42.49	47.75	52.56	46.90	6.5%
Chicago White Sox	26.19	28.78	30.28	32.28	38.65	40.67	9.2%
Cincinnati Reds	17.90	17.71	19.41	19.19	19.19	20.56	2.8%
Cleveland Indians	21.54	21.32	25.72	22.12	22.12	18.49	-3.0%
Colorado Rockies	14.72	16.50	19.50	19.50	19.50	19.50	5.8%
Detroit Tigers	18.48	19.45	25.28	27.38	23.48	29.32	9.7%
Florida Marlins	16.70	16.57	18.69	19.06	19.06	19.06	2.7%
Houston Astros	26.66	26.90	28.73	28.73	29.29	30.84	3.0%
Kansas City Royals	13.71	14.48	17.54	19.38	19.38	18.95	6.7%
Los Angeles Angels of Anaheim	18.97	19.49	20.78	20.05	18.93	17.13	-2.0%
Los Angeles Dodgers	20.09	26.28	29.66	29.66	29.66	30.59	8.8%
Milwaukee Brewers	18.11	18.19	19.88	20.98	22.10	22.10	4.1%
Minnesota Twins	17.26	19.27	20.68	21.70	31.47	33.04	13.9%
New York Mets	25.28	28.26	34.05	36.99	32.22	31.81	4.7%
New York Yankees	28.27	29.01	41.40	72.97	51.83	51.83	12.9%
Oakland Athletics	22.10	23.88	29.20	24.31	22.04	21.52	-0.5%
Philadelphia Phillies	26.73	27.25	28.14	31.10	32.99	36.29	6.3%
Pittsburgh Pirates	17.08	17.07	17.07	15.39	15.39	15.30	-2.2%
San Diego Padres	20.83	22.13	27.43	20.01	15.15	15.45	-5.8%
San Francisco Giants	24.53	25.11	22.06	23.28	28.79	25.04	0.4%
Seattle Mariners	24.01	24.01	25.29	25.53	25.53	26.40	1.9%
St. Louis Cardinals	29.78	28.43	29.32	29.43	30.14	31.17	0.9%
Tampa Bay Rays	17.09	17.23	17.23	18.35	19.75	19.42	2.6%
Texas Rangers	15.81	16.47	18.01	19.41	20.65	18.60	3.3%
Toronto Blue Jays	23.40	22.65	28.37	19.10	23.84	24.35	0.8%
Washington Nationals	20.88	21.11	25.00	30.63	30.63	30.54	7.9%
Mean	\$22.21	\$22.77	\$25.43	\$26.64	\$26.74	\$26.91	3.9%

Source: WR Hambrecht+Co, Team Marketing Report, various published reports

NBA Average Ticket Price							
Sports Team	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	5yr CAGR
Atlanta Hawks	\$42.18	\$38.00	\$36.90	\$51.78	\$36.13	\$36.13	-3.0%
Boston Celtics	57.04	65.43	68.55	68.55	68.55	68.55	3.7%
Charlotte Bobcats	29.10	29.10	33.25	33.25	29.96	29.27	0.1%
Chicago Bulls	54.62	63.00	64.25	64.25	64.25	68.37	4.6%
Cleveland Cavaliers	50.02	56.10	55.95	55.95	52.28	48.62	-0.6%
Dallas Mavericks	54.24	60.56	62.10	51.52	49.45	49.45	-1.8%
Denver Nuggets	42.72	44.29	47.30	47.30	47.30	47.30	2.1%
Detroit Pistons	46.23	47.50	47.50	47.50	42.76	41.26	-2.2%
Golden State Warriors	26.63	31.13	39.00	37.50	34.13	34.13	5.1%
Houston Rockets	38.64	41.98	43.40	42.87	41.41	41.00	1.2%
Indiana Pacers	42.39	42.39	41.09	30.02	29.13	30.59	-8.3%
Los Angeles Clippers	52.49	57.00	54.50	53.50	51.47	51.47	-0.4%
Los Angeles Lakers	85.38	89.24	93.25	93.25	95.25	99.25	3.1%
Memphis Grizzlies	35.49	36.82	24.11	24.10	23.18	22.95	-8.3%
Miami Heat	56.55	58.55	58.55	58.55	60.50	67.00	3.4%
Milwaukee Bucks	46.03	47.64	47.86	46.00	46.00	46.00	0.0%
Minnesota Timberwolves	40.26	39.37	36.26	34.50	31.50	31.50	-4.8%
New Jersey Nets	60.98	60.98	54.98	44.51	40.50	37.06	-9.5%
New Orleans Hornets	24.58	24.58	25.17	26.75	29.26	30.49	4.4%
New York Knicks	70.51	70.51	70.51	68.04	88.66	117.47	10.7%
Oklahoma City Thunder	34.30	35.00	36.35	45.99	45.99	47.15	6.6%
Orlando Magic	35.29	38.46	40.30	40.30	43.00	43.85	4.3%
Philadelphia 76ers	46.83	43.00	43.00	43.00	41.00	39.25	-3.5%
Phoenix Suns	53.68	58.26	64.16	64.16	62.50	60.63	2.5%
Portland Trail Blazers	45.34	47.34	61.21	63.05	50.62	48.40	1.3%
Sacramento Kings	59.80	59.80	59.80	57.50	51.80	48.17	-4.2%
San Antonio Spurs	45.88	51.45	56.37	55.47	56.34	58.45	5.0%
Toronto Raptors	47.00	55.11	45.31	49.32	50.97	46.98	0.0%
Utah Jazz	38.75	41.31	43.90	43.90	41.47	42.10	1.7%
Washington Wizards	46.83	30.89	29.14	27.21	24.52	23.64	-12.8%
Mean	\$46.99	\$48.83	\$49.47	\$48.90	\$47.66	\$48.48	0.6%

Source: WR Hambrecht+Co, Team Marketing Report, various published reports

NHL Average Ticket Price							
Sports Team	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	5yr CAGR
Anaheim Ducks	\$30.32	\$40.65	\$43.50	\$43.50	\$44.44	\$36.94	4.0%
Atl. Thrashers/Winnipeg Jets	43.54	41.50	48.51	48.51	43.59	98.27	17.7%
Boston Bruins	56.44	56.44	61.40	54.94	54.94	58.94	0.9%
Buffalo Sabres	30.07	32.56	36.43	36.43	36.43	38.25	4.9%
Calgary Flames	47.35	60.09	55.81	59.73	66.68	68.18	7.6%
Carolina Hurricanes	37.91	34.89	38.38	38.38	41.58	41.58	1.9%
Chicago Blackhawks	34.88	34.88	52.22	46.80	55.39	55.72	9.8%
Colorado Avalanche	38.48	39.55	40.62	40.62	40.62	40.62	1.1%
Columbus Blue Jackets	44.08	45.53	47.76	47.66	47.66	47.95	1.7%
Dallas Stars	36.36	36.85	37.80	35.66	29.68	29.95	-3.8%
Detroit Red Wings	43.13	40.51	46.60	46.60	51.73	53.28	4.3%
Edmonton Oilers	51.76	61.69	54.17	59.71	64.87	70.13	6.3%
Florida Panthers	44.28	52.14	52.61	48.76	54.12	55.67	4.7%
Los Angeles Kings	45.98	45.98	47.20	47.20	50.05	51.92	2.5%
Minnesota Wild	51.37	57.62	61.28	61.28	62.63	62.63	4.0%
Montreal Canadiens	56.82	67.65	64.26	72.18	86.44	88.67	9.3%
Nashville Predators	40.78	45.75	47.22	48.36	51.04	51.04	4.6%
New Jersey Devils	54.67	64.17	57.15	48.05	50.83	45.86	-3.5%
New York Islanders	44.01	50.43	48.84	51.46	58.44	49.06	2.2%
New York Rangers	45.83	50.33	54.96	58.57	58.57	66.20	7.6%
Ottawa Senators	45.95	53.41	48.82	52.77	59.74	55.51	3.9%
Philadelphia Flyers	55.66	55.53	60.25	60.25	60.89	66.89	3.7%
Phoenix Coyotes	25.41	39.94	37.45	37.45	36.15	36.15	7.3%
Pittsburgh Penguins	36.61	46.81	51.45	55.55	60.04	63.06	11.5%
San Jose Sharks	33.00	39.23	43.07	43.07	45.71	49.73	8.5%
St. Louis Blues	28.23	25.48	29.94	37.90	40.57	41.57	8.0%
Tampa Bay Lightning	44.27	43.94	42.41	35.76	37.73	37.73	-3.1%
Toronto Maple Leafs	49.23	88.32	76.15	114.10	115.96	123.77	20.2%
Vancouver Canucks	58.96	71.39	62.05	62.05	65.20	68.38	3.0%
Washington Capitals	38.15	38.47	41.66	44.75	55.57	62.42	10.3%
Mean	\$43.13	\$48.72	\$49.66	\$51.27	\$54.25	\$57.10	5.8%

Source: WR Hambrecht+Co, Team Marketing Report, various published reports

Appendix E: Selected Media Contracts

National Football League		
Network TV¹	CBS Fox NBC	Sun. afternoon AFC games, \$622 million per year, 2006-13, Super bowl in '13 Sun. afternoon NFC games, \$712.5 million per year, 2006-13, Super Bowl in '11 and '14 Sun. night games, \$650 million per year, 2006-13, Super Bowl in '12
Cable TV	ESPN	Monday Night Football, \$1.1 billion per year, 2006-13
Satellite TV	DirecTV	Out-of-market games, \$1 billion per year, 2011-14
Internet	NFL.com	Formerly operated by ESPN and CBS; now by NFL itself, NFL Latino operated with Univision

1. Contracts for major networks were extended in late 2011 for 9 years, at record levels.

Major League Baseball		
Network TV	Fox	\$3 billion (w/TBS), 2007-13, Saturday afternoon games (exclusive), All Star Game, alternate
Cable TV	ESPN	League Championship Series, World Series
	iNDemand	\$2.4 billion, 2006-13, Mon. and Wed. night, Sun. night (exclusive)
Satellite TV	DirecTV	Out-of-market games and Baseball Channel, 2007-13 (terms not disclosed)
Internet	MLB Adv. Media	Out-of-market games and Baseball Channel, \$700 million, 2007-13

National Basketball Association		
Network TV	ABC (w/ESPN)	~\$3.5 billion, 2008-16, 15 regular season and 5 playoff games, NBA Finals
Cable TV	ESPN (w/ABC)	~3.5 billion, 2008-16, 75 regular season games, some playoffs and NBA draft
	TNT	~3.5 billion, 2008-16, 52 regular season games, some playoffs
Satellite TV	DirecTV	Out-of-market games (exclusive), starting in 2009 (terms not disclosed)
Internet	NBA TV	90 regular season games and certain first-round playoff games

National Hockey League		
Network TV	NBC	2010-11 Revenue-sharing agreement, 5 finals games
Cable TV	Versus	3 years, 2009-11, \$120 million
Satellite TV	DirecTV and Dish	Out-of-market games (non-exclusive)
Internet	NA	NA

Source: WR Hambrecht+Co, Forbes, various published reports

Methodology

Historical data is obtained from proprietary and confidential sources. We use third-party sources, either indirectly or as part of our analysis of historical data from government agencies, trade associations, or related entities that seek to have their data disseminated in the public domain. The sources of such information are cited herein.

Recent trends in industry performance are analyzed, and factors underlying those trends are identified. Some of the factors we include are economic, demographic, technological, institutional, behavioral, competitive, and other drivers that may affect each segment of the professional sports market.

Forecasts are based on an analysis of the dynamics of each segment and the factors that affect those dynamics. We institute compound annual growth rates (CAGRs) that cover the period. The formula used is:

$$\text{CAGR} = 100 * ((\text{Value in Year 5}/\text{Value in Year 0})^{(1/5)} - 1)$$

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