



Valuation and Corporate
Finance Services for

Professional Sports Franchises

www.mercercapital.com



Valuation and Corporate Finance Services for Professional Sports Franchises

Mercer Capital is the leader in professional sports valuation. In an increasingly competitive professional, Mercer Capital's capabilities in franchise valuation, divorce litigation, purchase price allocations, stadium issues, and legal consulting are unsurpassed. We have deep industry knowledge and experience and a deep bench of professionals ready to help.

Mercer Capital, one of the leading independent valuation firms in the nation, is organized according to industry specialization. One of our strongest specializations is professional sports.

The professionals of Mercer Capital possess arguably the greatest expertise in sports valuation and related advisory in the country and have considerable interaction and experience with management of the various leagues.

Our team of highly skilled and experienced professionals have the capability to coordinate and help provide a complete package of services, including:

- Franchise Valuations
 - Shareholder Buyouts
 - Tax-Driven
 - M&A-Oriented
- Valuation and Expert Testimony Services for Divorces
- Purchase Price Allocations (the fair value of assets acquired in a team)
- Fairness Opinions
- Tax Advisory
- Buy Side Planning
- Due Diligence Services
- Forensic Services
- Legal Transaction Consulting
- Other Services

Senior Professionals



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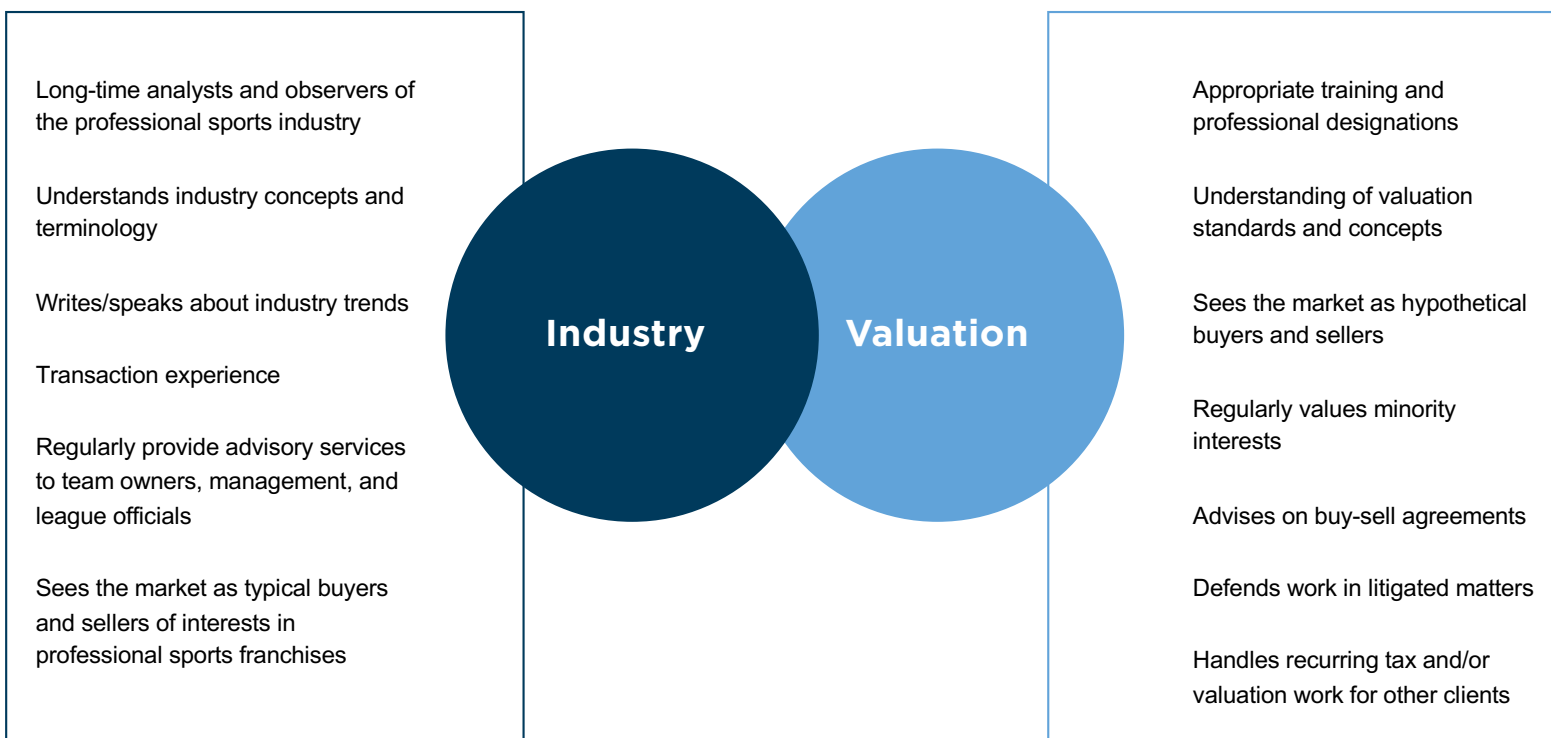
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Traditionally, There Are Two Types of Experts



You Need Both

We Are Industry Specialists

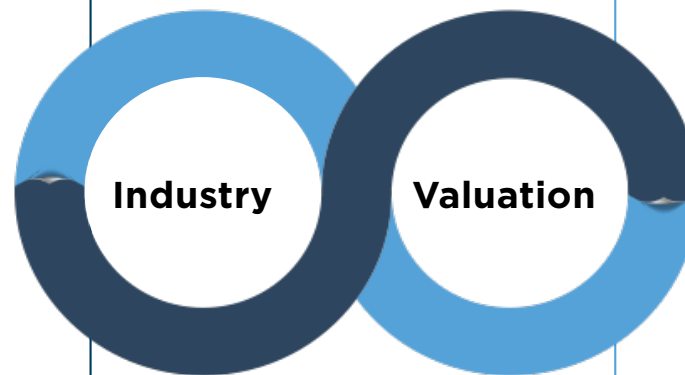
We are a valuation firm that is organized according to industry specialization

We possess arguably the greatest expertise in sports valuation in the country and have considerable interaction and experience with management of the various leagues

In-depth knowledge of media, fan, and transaction landscape

We follow league and stadium trends and what that means to an owner

Dedicated and responsive team available for whatever is required



We Are Valuation Specialists

We provide franchise valuation, divorce litigation support services, purchase price allocations, stadium consulting, and other financial consulting services

We work with the leagues, individual teams, tax professionals, attorneys, and family offices

Since our founding in 1982, Mercer Capital has provided expert valuation opinions to over 16,000 clients throughout the U.S. and on six continents

We are active in leadership roles throughout the valuation profession

Services Provided

Franchise Valuation & Consulting

Valuing a sports franchise requires deep industry knowledge and experience. Major league professional franchises are privately owned; therefore, real market data is not readily available to most business appraisers. The professionals of Mercer Capital have the knowledge and experience to understand the complex economics of a professional sports franchise valuation, having performed scores of valuations for franchises in each major professional league and several minor leagues. Below is a list of services and examples of recent experience.

Valuation Analysis

- Gift and estate valuations of franchises and minority interests in franchises
- Valuations for negotiations between parties for buyouts or sales between shareholders

Buy-Side & Sell-Side Analysis

- Assisted in formulating purchase price and proposed structure of new entity for a multiple pro sports teams
- Advised potential bidder on merits and risks of an NHL franchise during the pre-salary cap era
- Served on Executive committee for MLB franchise in sale process
- Provided due diligence for several NFL teams
- Provided a pro forma cash flow model for an MLB team

Licensing/Media Rights

- Reengineered the rights, royalties, and licensing processes of a major entertainment organization
- Assisted in negotiations and remodeling for various licensing agreements

Tax Negotiations

- Dealt with the IRS on numerous occasions and have had some of the largest tax valuation issues approved 100% by the service
- Successfully handled U.S. tax audits on numerous relevant issues for major sports leagues and several franchises

Services Provided

Divorce

Our professionals provide expert witness services and other litigation support in divorces that involves ownership in a sports franchise.

Given our decades of experience, we have extensive knowledge of teams and leagues as well as strong relationships with leagues that allow us access to pertinent data. Our lead professionals are nationally recognized experts in professional sports valuation issues.

Valuation Analysis

- Valuation of sports franchises
- Valuation of intellectual property and other intangible assets
- Determination and valuation allocation of personal and enterprise goodwill
- Valuation of stock options, pensions, notes, & other investment assets
- Employment contracts and other compensation agreements

Buy-Side & Sell-Side Analysis

- Expert witness testimony
- Serving in mediation, arbitration, or as court-appointed and/or mutually agreed-upon experts
- Forensic Services
- Tracing Services
- Critique of opposing expert reports
- Impact of transactions on valuation
- Economic research
- Public securities, market, and industry research
- Assistance with depositions and cross-examination
- Developing case strategy
- Preparation of demonstrative exhibits

Services Provided

Franchise Valuation Process

When considering the value of a major professional sports franchise, the buyer(s) and seller(s) will consider, among other things, the outlook for the league, the economics of the team, local economics, national revenue streams, player contract rights, the inclusion of other non-team related assets (such as stadium rights, media rights, real estate, etc.), and the valuation of the relative assets.

Understanding and consideration of assets being sold

Consideration and collaboration on various strategic options

Due diligence, research & risk analysis of various existing & potential revenue streams;
Valuation impact of current & potential future media rights
Cost structure including current player contract terms & expense profile
Optionality evaluation of potential future impact of current or potential new stadium deal with a state government agency
Potential tax issues related to a buyer
Forecasting and modeling of various scenarios

Consideration and research of recent franchise transactions

Valuation of team and stadium interests

Services Provided

Purchase Price Allocations

The professionals of Mercer Capital have extensive experience in providing purchase price allocations (ASC 805 - the fair value of assets acquired in a team) for teams in several leagues. Our professionals are nationally recognized as leaders in the valuation industry and hold the most rigorous credentialing designations including the CFA, ASA, and CPA, among others, which are representative of the highest standards in the valuation and accounting industries and have a thorough understanding of accounting and tax rules. National audit firms have consistently referred financial reporting valuation assignments to Mercer Capital.

We typically perform purchase price allocations encompassing a varying number of intangible assets including:

- Stadium lease agreements
- Player rights
- Season ticket holder contracts
- Suite contracts
- Sponsorship contracts
- Media contracts
- Franchise value

As part of our full suite of services, we handle several different kinds of special projects that team finance departments may be looking to outsource, completely or partially. For example, Mercer Capital helps clients think through certain financial or strategic questions – what level of cash flow reinvestment will best balance competing shareholder interests? Or, what is the appropriate hurdle rate when evaluating projects for capital budgeting exercises? In other instances, we perform financial due diligence and quality of earnings analyses for some transactions.

When it comes to purchase price allocations, most clients contact us well after the transaction has progressed or closed. Over time, discussions with some clients have shifted a bit from providing fair value measurements exclusively on the back-end of transactions to getting a bit of preview as teams think through transactions.

Services Provided

Team Economics and Forecasting

Our experience and in-depth knowledge of all four professional leagues, their structure, and the actual financial performance of many teams enables us to:

- Perform meaningful revenue and cost analysis
- Understand the merits of the subject asset against real benchmarks (as opposed to the sometimes-unreliable data in the public domain)
- Develop realistic projections for better decision making

Stadium & Sports Betting Optionality

Mercer Capital's specialized knowledge base make us the most capable to evaluate the various structuring and economic scenarios associated with a team's potential new stadium scenarios as well as potential impact of widespread legalized sports betting, including:

- Developing a range of economic scenarios and the benefits that would accrue to a new owner under those scenarios
- Utilizing recent transaction and negotiation experience with current owners, third parties and government agencies to develop a probability and time weighted optionality factor to apply to the expected benefits
- Employing real option theory to estimate a range of incremental bid pricing for a potential new stadium deal or equity purchase



Sports Team Experience

Baseball | MLB & MiLB*

- Albuquerque Isotopes*
- Atlanta Braves
- Baltimore Orioles
- Boston Red Sox
- Cincinnati Reds
- Cleveland Indians
- Dayton Dragons*
- Florida Marlins
- Houston Astros
- Los Angeles Dodgers
- Milwaukee Brewers
- Montreal Expos
- New York Mets
- New York Yankees
- Philadelphia Phillies
- Pittsburgh Pirates
- San Diego Padres
- Seattle Mariners
- South Bend Silverhawks*
- Tampa Bay Rays
- Texas Rangers
- Washington Nationals

Basketball | NBA & G-League*

- Atlanta Hawks
- Boston Celtics
- Canton Charge*
- Cleveland Cavaliers
- Dallas Mavericks
- Houston Rockets
- Indiana Pacers
- Los Angeles Clippers
- Memphis Grizzlies
- New Jersey Nets
- New Orleans Pelicans
- New York Knicks
- Philadelphia 76ers
- Phoenix Suns
- Sacramento Kings
- Seattle Supersonics
- Toronto Raptors
- Washington Wizards

Football | NFL & AFL*

- Atlanta Falcons
- Baltimore Ravens
- Buffalo Bills
- Carolina Cobras*
- Carolina Panthers
- Chicago Bears
- Cincinnati Bengals
- Cleveland Browns
- Cleveland Gladiators*
- Dallas Cowboys
- Denver Broncos
- Detroit Lions
- Houston Texans
- Miami Dolphins
- New England Patriots
- New Orleans Saints
- New York Dragons*
- New York Giants
- New York Jets
- Oakland Raiders
- Pittsburgh Power*
- San Francisco 49ers
- Tennessee Titans
- Washington Redskins

Hockey & Soccer

NHL & AHL *

- Anaheim Mighty Ducks
- Atlanta Thrashers
- Buffalo Sabres
- Dallas Stars
- Edmonton Oilers
- Lake Erie Monsters*
- Los Angeles Kings
- Montreal Canadiens
- New Jersey Devils
- New York Islanders
- New York Rangers
- Pittsburgh Penguins
- Toronto Maple Leafs
- Vancouver Canucks
- Washington Capitals

NASL & USL

- San Antonio Scorpions
- Tampa Bay Rowdies



Senior Professionals

Bryce Erickson, ASA, MRICS



Bryce Erickson, ASA, MRICS

Managing Director

Contact Information

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Bryce Erickson, Managing Director, has been involved or managed hundreds of valuation engagements since his entry into the valuation profession in 1998. Bryce has developed particular experience in sports franchise consulting has been involved with a number sports valuation engagements over the past several years. He has participated and/or helped manage professional sports team transactions and valuations from several standpoints including merger & acquisition, financing, estate & gift taxes, and litigation. Consulting engagements have included valuation of franchises – both on an enterprise and a minority level, financial analysis of sports teams, and intangible asset appraisals. Previous engagements and franchises Bryce has been involved with include:

- Albuquerque Isotopes
- Atlanta Hawks
- Atlanta Thrashers
- Buffalo Bills
- Buffalo Sabres
- Canton Charge
- Cleveland Browns
- Cleveland Cavaliers
- Dallas Cowboys
- Dallas Mavericks
- Dayton Dragons
- Houston Texans
- Lake Erie Monsters
- Los Angeles Dodgers
- Los Angeles Sparks
- Miami Dolphins
- New Orleans Pelicans
- New Orleans Saints
- New York Giants
- Phoenix Suns
- San Diego Padres
- San Francisco 49ers
- Seattle Mariners
- South Bend Silver Hawks
- Tampa Bay Rays
- Tampa Bay Rowdies
- Texas Rangers
- Vancouver Canucks
- Washington Nationals

Prior to Mercer Capital, he was an owner of Erickson Partners, a valuation and advisory firm. Bryce also worked at KPMG, LLP in their valuation service group and with Prudential Capital group on teams that underwrote, structured and monitored a multi-billion lending portfolio. Bryce has a BBA from Baylor University and holds the ASA designation from the American Society of Appraisers and the MRICS designation from the Royal Institute of Chartered Surveyors.

Donald Erickson, ASA



Don Erickson, ASA

Managing Director

Contact Information

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Don Erickson is a Managing Director at Mercer Capital. Prior to Mercer Capital, Don was an owner of Erickson Partners, a valuation and advisory firm in Dallas, Texas. He is a former partner with Ernst & Young LLP's Corporate Finance Group.

Don has managed over 1,500 valuation engagements since his entry into the valuation profession in 1972. These engagements have been conducted for the purposes of litigation, sales/purchase, financing, allocation of purchase price, estate and gift taxes, employee stock ownership trusts, and business planning. He has conducted enterprise and minority stock valuations in a diverse range of industries on both a national and international level. Don has also been responsible for intangible assets appraisals including lease agreements, season ticketholder list, management contracts, customer lists, software, patents, trademarks, and player contracts.

He has valued or been involved with over 50 major league franchises in his career. He has valued major league sports franchises and player valuations in the top four major sports leagues. In addition to valuation studies, Don has advised several bidding groups including three ultimately successful groups in their analysis of pro sports teams. The analysis included reviewing the financial history, preparation of forecasts and advisement on the price for bidding purposes. He also has served on the Executive Committee of an MLB franchise which oversaw the sale of the franchise in 2009.

Don served as the national head of sports valuation for a Big 4 firm until he retired in 2003. He has spoken on sports related issues to the International Conference on Sports Business at the University of South Carolina and to the Major League Baseball International Partners Group in New York City. He is also the former chairman of the Business Valuation Committee of the American Society of Appraisers.

Timothy K. Bronza, CPA, ASA



Timothy K. Bronza, CPA, ASA
Managing Director

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Timothy K. Bronza is a Managing Director with Mercer Capital. Tim has been involved in valuing business interests for over 25 years for a variety of purposes, including federal gift, estate and income taxation, strategic business planning, business transactions and litigation, dissenting shareholder actions, buy-sell agreements, shareholder redemptions and other purposes, with an emphasis on valuations prepared for corporate and federal tax transactions and pre-liquidity planning.

Tim's has experience in the valuation of a Major League Baseball franchise and related engagements.

Tim is a frequent speaker on the topic of business valuation. He was a faculty member at the University of Miami Law School's 48th Annual Heckerling Institute on Estate Planning.

He has also lectured before the American Bar Association Sections of Real Property, Trust and Estate Law and Taxation, the Florida Bar Business Law Section, the Florida Bar Tax Section, the Florida Bar Real Property, Probate and Trust Law Section, the Florida Institute Certified Public Accountants, numerous estate planning councils and other organizations. He has been a guest lecturer at the University of Florida's Levin College of Law Graduate Tax Program, Cornell Law School and an adjunct instructor at the University of South Florida St. Petersburg in business valuation.

Timothy R. Lee, ASA



Timothy R. Lee, ASA
Managing Director

Contact Information

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Timothy R. Lee is the firm's Managing Director of Corporate Valuation services and is a member of the firm's board of directors.

Tim provides valuation and corporate advisory services for purposes including mergers and acquisitions, employee stock ownership plans, profit sharing plans, trust & estate planning and compliance matters, corporate planning, and reorganizations.

In addition, he provides litigation support services in cases involving economic damages, business valuation, dissenting shareholder rights, marital dissolution, and tax matters.

Tim's professional sports experience includes being appointed a technical advisor to a Federal Judge involving a significant ownership dispute involving an NFL and an NBA team, and a media franchise. His experience also extends to the valuation of NBA franchises, as well as experience supporting other sports-related engagements.

He is a frequent speaker to estate planning and business associations on topics related to corporate valuation and succession planning. In 2011, Tim co-authored the book, *A Reviewer's Handbook To Business Valuation: Practical Guidance To The Use And Abuse Of A Business Appraisal*, with L. Paul Hood, Jr., JD, LLM (John Wiley & Sons, Inc.).



BUSINESS VALUATION &
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