

MERCER CAPITAL

PROFESSIONAL SPORTS

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Mercer Capital is a national valuation and financial advisory firm. Clients include private and public companies, financial institutions, high-net worth families, and private equity/hedge funds.

Industries served fall into three broad categories:

- » Financial Institutions
- » Operating Companies
- » Asset Holding Companies

Our suite of services encompasses two integrated service areas: valuation advisory & opinions and financial advisory services.

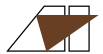
Valuation Advisory & Opinions

- » Corporate transactions
- » Financial reporting
- » Employee benefit plans
- » Tax compliance and reporting
- » Litigation support

Financial Advisory

- » Corporate and strategic advisory
- » Mergers and acquisitions
- » Fairness opinions
- » Solvency opinions

The valuation advisory & opinions and financial advisory service lines are interrelated. The technical discipline of providing well-grounded valuation opinions is buttressed by extensive experience gained in providing advisory services. Likewise, the market-centered orientation of financial advisory services has as its foundation a keen understanding of valuation drivers.



PROFESSIONAL SPORTS

Overview

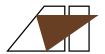
We are arguably one of the leaders in sports valuation and related stadium advisory in the country and have considerable interaction and experience with management of the various leagues.

In a sports industry market that has become increasingly competitive in recent years, Mercer Capital's team capabilities in valuation, intangible assets, stadium issues and legal consulting are unsurpassed. We have the depth of knowledge necessary to assist in developing industry best practices.

This knowledge relates not only to the underlying economics to the sports business, which include its escalating cost structure, but most importantly, the future revenue-enhancing aspects of sports that are the key to future success. We have the capability to coordinate and help provide a complete package of services, including:

- » Valuations (M&A oriented, tax driven, shareholder buyouts, and litigation)
- » Fairness Opinions
- » Buy Side Planning
- » Due diligence services
- » Stadium lease consulting – New and existing
- » Legal transaction consulting
- » Tax Advisory
- » Other Services

This knowledge base has been built from the continuing services, engagements and relationships that our team's principals have participated in over the years.

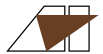


FRANCHISE VALUATION PROCESS

When considering the value of a major pro 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.

In this case it would include the following:

- » Understanding and consideration of assets being sold
- » Consideration and collaboration on various strategic options including:
 - Due diligence, research and risk analysis of various existing and potential revenue streams;
 - Valuation impact of current and potential future media rights
 - Cost structure including current player contract terms and expense profile
 - Optionality evaluation of potential future impact of current or potential new stadium deal with the 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



VALUATION AND ADVISORY SERVICES

Team Economics and Forecasting

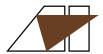
Our experience and in-depth knowledge of all four pro leagues, its structure and the actual financial performance of many teams enables us to:

- » 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 Optionality

Our team's recent and specialized knowledge base make us the most capable to evaluate the various structuring and economic scenarios associated with the team's potential new stadium scenarios. We envision efforts to include:

- » 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



OUR ADVANTAGES

Expertise

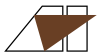
We have arguably one of the greatest expertise in sports valuation and related stadium advisory in the country and have considerable interaction and experience with management of the various leagues.

Research

- » Highly researched projections and pricing scenarios
- » We know what teams and stadiums are capable of and what that means to an owner

Service

- » Dedicated and responsive team available for whatever is required
- » Big 4 level of service with boutique fee structure



REPRESENTATIVE SPORTS ENGAGEMENTS

Below we have provided some relevant examples of projects we have completed for our sports clients:

Valuation Analysis

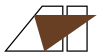
- » Gift and estate valuations of franchises and minority interests in franchises
- » Valuations for negotiations between parties for buyouts or sales between shareholders

Buy & Sell-Side Analysis

- » Assisted in formulating purchase price and proposed structure of new entity for an multiple pro sports teams over five times – three were successful)
- » Advised potential bidder on merits and risks of an NHL franchise during the pre-salary cap era. Client decided not to pursue opportunity
- » Served on Executive committee for MLB franchise in sale process
- » Provided due diligence for NFL teams
- » Provided a pro-forma cash flow model for a MLB team

Purchase Price Allocation

- » Identified and recommended the fair market value of the intangible assets purchased for tax & GAAP reporting purposes (for over 20 pro teams)
- » Work reviewed and approved by Big 4 accounting firms & the IRS



REPRESENTATIVE SPORTS ENGAGEMENTS

Litigation

- » Provided strategic valuation and advisory work to an existing MLB franchise ownership group for litigation purposes
- » Marital dissolution purposes for several franchises

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



SPORTS TEAM EXPERIENCE

Baseball (MLB & MiLB)



Atlanta Braves



Albuquerque Isotopes*



Baltimore Orioles



Boston Red Sox



Chicago White 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*



Texas Rangers



Washington Nationals

* Minor League Baseball

SPORTS TEAM EXPERIENCE

Basketball (NBA)



Atlanta Hawks



Boston Celtics



Cleveland Cavaliers



Dallas Mavericks



Houston Rockets



Indiana Pacers



Los Angeles Clippers



New Jersey Nets



New York Knicks



Philadelphia 76ers



Sacramento Kings



Seattle SuperSonics



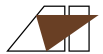
Toronto Raptors



Vancouver Grizzlies



Washington Wizards



SPORTS TEAM EXPERIENCE

Football (NFL & AFL)



Atlanta Falcons



Baltimore Ravens



Buffalo Bills



Carolina Cobras*



Carolina Panthers



Chicago Bears



Cincinnati Bengals



Cleveland Browns



Dallas Cowboys



Denver Broncos



Detroit Lions



Houston Texans



New England Patriots



New Orleans Saints



New York Jets



New York Dragons*



Oakland Raiders



Pittsburgh Power*



San Francisco 49ers



Tennessee Titans



Washington Redskins

* Arena Football League

SPORTS TEAM EXPERIENCE

Hockey (NHL)



Anaheim Mighty Ducks



New Jersey Devils



Atlanta Thrashers



New York Islanders



Buffalo Sabres



New York Rangers



Dallas Stars



Pittsburgh Penguins



Edmonton Oilers



Toronto Maple Leafs



Los Angeles Kings



Vancouver Canucks



Montreal Canadiens

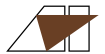


Washington Capitals

Soccer (NASL)



San Antonio Scorpions



Memphis | Dallas | Nashville

SENIOR PROFESSIONALS

Donald Erickson, ASA

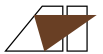
Managing Director

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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. He 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.

Don 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.



SENIOR PROFESSIONALS

Bryce Erickson, ASA, MRICS

Senior Vice President

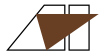
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Bryce Erickson is a Senior Vice President at Mercer Capital – a business valuation and financial advisory firm. He has been involved or managed hundreds of valuation engagements since his entry into the valuation profession in 1998. Bryce has developed 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:

- » San Diego Padres
- » Washington Nationals
- » Dallas Mavericks
- » Cleveland Browns
- » Atlanta Hawks
- » Atlanta Thrashers
- » San Francisco 49ers
- » Los Angeles Dodgers
- » Seattle Mariners
- » Los Angeles Sparks
- » Buffalo Sabres
- » Houston Texans
- » Cleveland Cavaliers
- » Buffalo Bills
- » Dayton Dragons
- » Albuquerque Isotopes
- » South Bend Silver Hawks

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.



For more information about
Mercer Capital's Professional Sports
Services, visit:

www.mercercapital.com

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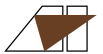
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