

**GEORGIA WORLD CONGRESS CENTER AUTHORITY  
PROPOSED NEW OPEN-AIR STADIUM  
VALUATION IMPACT ANALYSIS (LIMITED SCOPE)**



**PREPARED BY:  
BARRETT SPORTS GROUP, LLC  
APRIL 19, 2012**

**PRELIMINARY DRAFT – SUBJECT TO REVISION  
CONFIDENTIAL**

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An aerial photograph of a large, modern stadium at night. The stadium has a curved, white roof and is illuminated from within, with lights visible through the structure. The building features horizontal bands of light and dark sections. In the foreground, there are several trees and a paved area. The sky is dark blue. The text "I. EXECUTIVE SUMMARY" is overlaid in the center of the image.

# **I. EXECUTIVE SUMMARY**

# I. EXECUTIVE SUMMARY

- Barrett Sports Group, LLC (BSG) is Pleased to Present our Preliminary Findings to the Georgia World Congress Center Authority (Authority)
- Atlanta Falcons (Falcons) Management have Expressed an Interest in Replacing the Georgia Dome with a New Open-Air Stadium on the GWCC Campus
- Authority Engaged BSG to Prepare an Evaluation of the Potential Impact on the Fair Market Value of the Falcons Resulting from the Development of a New Stadium – Key Assumptions
  - ✓ New-Open Air Stadium
  - ✓ Falcons Operate New Stadium
  - ✓ Does Not Include Stadium Rent or Capital Replacement/Reserve Assumption
  - ✓ *Authority Continues to Operate Georgia Dome (No Non-Compete Agreement)*
- It Should Noted that BSG has been Limited in its Ability to Conduct Normal Due Diligence as a Result of Confidentiality Concerns. Valuation Ranges Presented Herein Do Not Constitute an Appraisal of the Falcons by ASA Standards. Presented for Illustrative Purposes Only.
- BSG has Prepared Estimates of the Falcons Financial Performance and Value Without Significant Input from the Team

# I. EXECUTIVE SUMMARY

- In Order to Illustrate the Potential Impact on Value Resulting from the Development of a New Stadium, BSG Attempted to Isolate the Potential Variances in Operating and Financial Performance Resulting from Factors Not Directly Related to the Development of the Stadium
  - ✓ Macro/Micro Economic Conditions
  - ✓ NFL National Revenue (e.g. Television)
  - ✓ Interest Rate Fluctuations
  - ✓ NFL Stadium Construction Trends
  - ✓ Other
  
- In Order to Isolate the Impact Resulting from the Development of a New Stadium, BSG Evaluated the Performance of the Falcons in the Georgia Dome in 2011 and then Compared it to the Hypothetical Scenario where the Falcons would Play in a New Stadium in 2011
  
- BSG Evaluated the Two Scenarios Based on the 2011 Season to Avoid Valuation Variances that Could Result from Attempting to Predict Operating and Financial Assumptions/Conditions Several Years from Now that May or May Not be Related to the Development of a New Stadium
  
- Evaluation was Generally Prepared Between 11/2011 and 02/2012 – Does Not Reflect Recent Transactions/Trends that May Impact Value (e.g. Los Angeles Dodgers Pending Sale)

# I. EXECUTIVE SUMMARY

- Below is a Summary of Major Tasks Completed as Part of this Limited Scope Analysis
  - ✓ Prepared NFL Market Demographic Overview
  - ✓ Reviewed Georgia Dome Operating and Financial Characteristics
  - ✓ Reviewed Atlanta Falcons Operating and Financial Characteristics (As Available)
  - ✓ Prepared Current Estimate of Atlanta Falcons Financial Performance
  - ✓ Prepared Preliminary Estimated Cash Flow Analysis Assuming Proposed New Stadium
  - ✓ Prepared Preliminary Conceptual Sources/Uses of Funds for Proposed New Stadium
  - ✓ Reviewed Recent NFL Transactions and Evaluated Valuation Trends
  - ✓ Prepared Valuation Ranges – Before/After Proposed New Stadium

# I. EXECUTIVE SUMMARY

## Market Analysis – Base Demographics

In order to Develop Baseline Assumptions, BSG Evaluated the Market Demographics of the Atlanta Market as Compared to Other NFL Markets

- Atlanta is Above the Average of NFL Markets in Terms of Population and Households
- Atlanta is Comparable to the NFL Market Average in All Income Measurements
- Atlanta is Above the Average of NFL Markets in Terms of Media Measurements
- Atlanta is Above the Average of NFL Markets in Terms of Corporate Base Measurements

NFL Summary - CBSA Designation Overview			
Statistical Measure	Atlanta	Rank 32	NFL Average - (1)
2011 Population (000s)	5,490.4	9	4,466.8
2016 Population (000s)	6,075.6	7	4,633.4
Est. % Growth 2011-16	10.66%	3	4.2%
2010 Households (000s)	1,975.6	9	1,663.6
2015 Households (000s)	2,175.3	8	1,723.0
Est. % Growth 2011-16	10.11%	3	4.1%
Average Household Income	\$75,648	14	\$74,659
Median Household Income	\$58,099	14	\$56,507
Per Capita Income	\$27,492	15	\$28,710
High Income Households (000s)	431.4	11	410.4
Average Age	35.2	3	37.8
Median Age	34.8	4	37.3
Unemployment Rate	9.63%	30	8.05%
TV Homes	2,407.1	9	2,007.6
Radio Population	4,479.8	8	3,844.3
Companies w/ \$50+mm Sales	397	11	318
Companies w/ 500+ Employees	275	9	235

Source: Claritas 2011, Nielsen 2011, Arbitron Spring 2011 and Dun & Bradstreet 2011.

(1) - Excludes Atlanta-Sandy Springs et al, GA.

# I. EXECUTIVE SUMMARY

## Market Analysis – Adjusted Demographics

BSG Also Evaluated the Adjusted Market Demographics of the Atlanta Market as Compared to Other NFL Markets – Demographics Adjusted to Account for the Number of Major Professional Sports Teams in the Market

➤ Atlanta is Above the NFL Market Average in Each of the Following Categories:

- ✓ Adjusted Population and Households
- ✓ Adjusted High Income Households
- ✓ Adjusted Media Measurements
- ✓ Adjusted Corporate Base Measurements

NFL Summary - Adjusted CBSA Designation Overview			
Statistical Measure	Atlanta	Rank 32	NFL Average - (1)
Number of Major League Teams	3	NA	3.4
2011 Population (000s)	1,830.1	5	1,170.9
2016 Population (000s)	2,025.2	4	1,222.1
2011 Households (000s)	658.5	6	442.0
2016 Households (000s)	725.1	4	460.7
High Income Households (000s)	143.8	7	101.4
TV Homes	802.4	4	554.2
Radio Population	1,493.3	6	1,005.8
Companies w/ \$50+mm Sales	132	4	86
Companies w/ 500+ Employees	92	5	65

Source: Claritas 2011, Nielsen 2011, Arbitron Spring 2011 and Dun & Bradstreet 2011.

(1) - Excludes Atlanta-Sandy Springs et al, GA.

### Market Analysis – Key Observation

Notwithstanding the Base/Adjusted Demographics for Atlanta, Some Aspects of the Market Often Do Not Perform Well Relative to Other Markets of Comparable Size in Terms of Support for its Professional Sports Teams



# I. EXECUTIVE SUMMARY

## NFL Economics – Team

- Basic Premise of NFL Economic System Dictates Team Owners Share in Pool of NFL Common Revenues and Generate Other Local Revenues Not Subject to League Sharing

### TEAM REVENUES

- Gate Receipts
- Concessions
- Novelties
- Parking
- Naming Rights/Advertising/Sponsors
- Luxury Suite Revenue
- Loge Box Revenue
- Club Seat Revenue
- Other Revenue Sources
  - ✓ NFL League Distribution (Common Revenues)
    - National/International TV
    - National Radio
    - NFL Properties
    - NFL Enterprises
    - NFL Films
  - ✓ Publications/PR/Other

### TEAM EXPENSES

- Rent
- Game Day Expenses
- Stadium Operating Expenses
- Stadium Capital Repairs/Replacement
- Salaries and Wages  
(Players/Coaches/Admin/Staff/Etc.)
- General and Administrative
  - ✓ Team Travel and Related
  - ✓ Team Administration
  - ✓ Marketing/Advertising/Promotion
  - ✓ Public Relations
  - ✓ Broadcasting Expenses
  - ✓ NFL Common Expenses
  - ✓ Other

-

**TEAM NET  
OPERATING  
INCOME /  
(LOSS)**

*Before Annual Debt Service*

# I. EXECUTIVE SUMMARY

## NFL Economics – Stadium

- Stadium Deal Structure with Team will Impact Consolidated Net Income

### STADIUM REVENUES

- Team/Other Event Revenue
  - ✓ Rent
  - ✓ Concessions
  - ✓ Novelties
  - ✓ Parking
  - ✓ Naming Rights
  - ✓ Advertising/Sponsors
  - ✓ Premium Seating
    - Luxury Suite Revenue
    - Loge Box Revenue
    - Club Seat Revenue
  - ✓ Other
    - Convenience Charge Rebates
    - Facility Fees

### STADIUM EXPENSES

- Game Day/Event Expenses
- Stadium Operating Expenses
  - ✓ Salaries/Wages
  - ✓ Utilities
  - ✓ Insurance
  - ✓ Marketing
  - ✓ Legal/Professional
  - ✓ Management Fees (If Any)
  - ✓ Repairs and Maintenance
  - ✓ General and Administrative
  - ✓ Property/Possessory Interest Tax
  - ✓ Other
- Stadium Capital Repairs/Replacement

**STADIUM NET  
OPERATING  
= INCOME /  
(LOSS)**

*Before Annual Debt Service*

# I. EXECUTIVE SUMMARY

## NFL Labor Overview

- NFL and NFL Players Association (NFLPA) Recently Agreed to New CBA – Followed 130 Day Lockout
  - ✓ 10-Year Agreement Extends Through 2020 Season
- Basic Structure of CBA Provides Players Guaranteed Percentage of League Revenues
  - ✓ Annual Guarantee Must Average 47% per Season Over 10-Year Term
  - ✓ Annual Guarantee Must Remain Over 46% per Season

## Revenue Sharing

- Formula for Supplemental Revenue Sharing between NFL Teams was Revised in 2011
- Supplemental Revenue Sharing is Expected to have a Less Significant Impact on Team Financial Performance Going Forward as a Result of the New CBA (2011 Estimate Not Available)

# I. EXECUTIVE SUMMARY

## Estimated NFL Quartile Rankings

- Based on BSG's Estimates
- Teams are Presented in Alphabetical Order within Applicable Quartile
- 2010 NFL Season Did Not Include Supplemental Revenue Sharing (2009 NFL Season Payment Made in 2010)

<b>Quartile Revenue Rankings (2010 Season)</b>	
<b>Quartile 1</b>	<b>Quartile 3</b>
Chicago	Arizona
Dallas	Cincinnati
Houston	Cleveland
New England	Kansas City
New York Giants	San Diego
New York Jets	Seattle
Philadelphia	Tampa Bay
Washington	Tennessee
<b>Quartile 2</b>	<b>Quartile 4</b>
Baltimore	<b>Atlanta</b>
Carolina	Buffalo
Denver	Detroit
Green Bay	Jacksonville
Indianapolis	Minnesota
Miami	Oakland
New Orleans	San Francisco
Pittsburgh	St. Louis

# I. EXECUTIVE SUMMARY

## Atlanta Falcons Estimated Financial Performance – Summary

- Estimate Prepared Without Significant Input from Falcons
- Estimate Does Not Include One-Time Revenues or Expenses, If Any
- Estimate Does Not Include Contingent Inducement Payment for 2011 Season, If Any
- Falcons Hosted One Playoff Game During 2010 Season

<i>(\$000s)</i>		
NFL SEASON	2010	2011
<b>Operating Revenues</b>		
National Revenues - (1)	\$163,300	\$170,000
Local Revenues	\$60,025	\$60,510
<b>Total - Operating Revenues</b>	<b>\$223,325</b>	<b>\$230,510</b>
<b>Operating Expenses</b>		
Player Costs and Benefits	\$135,000	\$142,400
Team Expenses	\$23,000	\$23,200
General and Administrative Expenses	\$15,000	\$15,200
Sales and Marketing Expenses	\$8,000	\$8,100
Other Expenses	\$19,212	\$19,600
<b>Total - Operating Expenses</b>	<b>\$200,212</b>	<b>\$208,500</b>
<b>Estimated EBITDA Before SRS</b>	<b>\$23,113</b>	<b>\$22,010</b>
<b>Supplemental Revenues Sharing</b>	<b>\$0</b>	<b>To be Determined</b>
<b>Estimated EBITDA</b>	<b>\$23,113</b>	<b>\$22,010</b>

(1) - 2010 data from Green Bay Packers financial statements.

# I. EXECUTIVE SUMMARY

## Proposed Stadium – Financial Analysis

- BSG Evaluated the Potential Financial and Operating Characteristics of a New Open-Air Stadium on the GWCC Campus – Particular Emphasis on Falcons Net Incremental Revenue
- Limited Scope Analysis – Market and Financial Feasibility Analysis Not Completed
- BSG has Made Significant Assumptions Related to the Potential Operating Revenues and Expenses Based on Review of Falcons (as Available) and Georgia Dome Historical Performance, Review of “Comparable” Facilities, and Industry Experience
- Consideration has been Given to the Following
  - ✓ Market Demographics
  - ✓ Number of Professional and Collegiate Sports Teams
  - ✓ Other Entertainment Alternatives
  - ✓ Competitive Facilities
  - ✓ Tenant/Event Mix
  - ✓ Cost of Living
  - ✓ Climate
  - ✓ Other

# I. EXECUTIVE SUMMARY

## Proposed Stadium – Financial Analysis

- BSG has Assumed the Following Stadium Characteristics Based on the Georgia Dome Master Plan Phase III Report
  - ✓ Open-Air Stadium
  - ✓ 65,454 Seating Capacity
  - ✓ 10,000 Additional Temporary Seats
  - ✓ 111 Luxury Suites (Included in Seating Capacity)
    - 80 Suites with 16 Seats
    - 20 Suites with 24 Seats
    - 4 Suites with 32 Seats
    - 4 Suites with 50 Seats
    - 2 Party Suites with 100 Seats
    - 1 Owner Suite with 50 Seats
    - Ability to Expand Another 1,250 Suite Seats
  - ✓ 7,500 Club Seats (Included in Seating Capacity)

# I. EXECUTIVE SUMMARY

## Cash Flow Summary – New Stadium Scenario

### (Team – Generally Following NFL Conforming Statement Guidelines)

- Analysis Does Not Include Assumptions Related to Stadium Rent, and Capital Replacement/Reserves and Other Non-Operating Revenues/Expenses
- Although Assumptions Appear Reasonable Based on Current and Anticipated Market Conditions, Actual Results Depend on Actions of Stadium Owner, Management, Tenants, and Other Factors Both Internal and External to Project, which Frequently Vary
- It is Important to Note that Because Events and Circumstances May Not Occur as Expected, there May be Significant Differences Between Actual Results and those Estimated in this Analysis, and those Differences May Be Material

(\$000s)	2011 (E)
Local Revenues	
Net Ticket Revenue	\$37,300
Net Concessions Revenue	\$4,103
Net Novelties/Program Revenue	\$812
Net Parking Revenue	\$66
Net Luxury Suite Premium	\$10,633
Net Club Seat Premium	\$10,269
Net Marketing/Sponsorship/Other	\$14,000
Net Naming Rights Revenue	\$5,500
Local Media	\$5,600
Other	\$7,200
Subtotal - Local Revenue	\$95,483
National Revenue	
Television	\$101,000
Road Game Share	\$17,000
Other NFL Revenues	\$52,000
Subtotal - National Revenue	\$170,000
<b>TOTAL REVENUES</b>	<b>\$265,483</b>
NFL Franchise Expenses	
Player Costs and Benefits	\$142,400
Team Expenses	\$24,000
General and Administrative Expenses	\$16,500
Sales and Marketing Expenses	\$10,000
Stadium Rental	To be Determined
Stadium Expenses	\$13,400
Public Relations	\$2,100
Common Expenses	\$7,500
Other	\$2,000
Subtotal - NFL Franchise Expenses	\$217,900
<b>TOTAL EXPENSES</b>	<b>\$217,900</b>
<b>NET CASH FLOW FROM OPERATIONS</b>	<b>\$47,583</b>



# I. EXECUTIVE SUMMARY

## Estimated Incremental Revenues

- For Illustrative Purposes, Presented Below is a Summary of the Falcons' Estimated Net Incremental Revenue (Generally Following NFL Conforming Statement Guidelines)
- Assumes New Stadium Based on 2011 Conditions to Allow for Direct Comparison of Current Situation to New Stadium Estimate

(\$000s)	Current Scenario	New Stadium Scenario	Increment
NFL SEASON	2011 (E)	2011 (E)	
<b>Operating Revenues</b>			
National Revenues	\$170,000	\$170,000	\$0
Local Revenues			
Ticket Revenues - Home Games (Net)	\$31,680	\$37,300	\$5,620
Marketing/Sponsorship/Other	\$10,200	\$19,500	\$9,300
Luxury Suite Premiums	Commissions/Inducements	\$10,633	\$10,633
Club Seat Premiums	Commissions/Inducements	\$10,269	\$10,269
Commissions - Advertising	\$2,244	NA	(\$2,244)
Commissions - Premium Seating	\$4,386	NA	(\$4,386)
Local TV and Radio	\$5,600	\$5,600	\$0
Concessions/Parking/Etc.	Inducements	\$4,169	\$4,169
Programs/Merchandise/Etc.	\$600	\$812	\$212
Inducement Payment - Base	\$4,000	NA	(\$4,000)
Inducement Payment - Contingent	To be Determined	NA	NA
Other	\$1,800	\$7,200	\$5,400
Total - Local Revenues	\$60,510	\$95,483	\$34,973
<b>Total - Operating Revenues</b>	<b>\$230,510</b>	<b>\$265,483</b>	<b>\$34,973</b>

# I. EXECUTIVE SUMMARY

## Conceptual Sources/Uses of Funds – Proposed Stadium

- Combination of Both Public and Private Participation is Cornerstone of Current Financing Structures
- In Order to Evaluate Impact on Equity Value, Must Consider Additional Debt Incurred by Falcons to Construct Proposed Stadium
- Public Sector Investment Limited to Hotel/Motel Tax and State of Georgia Land Acquisition
- Team Investment Includes Combination of the Following Sources
  - ✓ PSLs
  - ✓ NFL G-4 Proceeds
  - ✓ Equity
  - ✓ Debt

# I. EXECUTIVE SUMMARY

## Conceptual Sources/Uses of Funds – Proposed Stadium

### ➤ Hotel/Motel Tax – Key Financing Assumptions (Assumes Tax-Exempt Rates)

	SCENARIO A	SCENARIO B	SCENARIO C
Debt Service Coverage - (1)	1.25x	1.25x	1.25x
Tax-Exempt Interest Rate Calculation			
MMD Rate - (2)	3.15%	3.15%	3.15%
Spread	0.75%	0.75%	0.75%
Additional Cushion	0.00%	0.25%	0.50%
Tax-Exempt Interest Rate	3.90%	4.15%	4.40%
Costs of Issuance	1.50%	1.50%	1.50%
Bond Insurance	0.00%	0.00%	0.00%
Debt Service Reserve Fund	Yes	Yes	Yes
Debt Service Reserve Fund Interest Earnings	2.00%	2.00%	2.00%
Surety	NA	NA	NA
Construction Period Interest Earnings	NA	NA	NA
Capitalized Interest (Years)	0 Years	0 Years	0 Years
Final Maturity	30 Years	30 Years	30 Years

(1) Assumes credit enhancement to be provided.

(2) Reflects estimated 30-Year and AAA rated interest rates as of February 2012.

# I. EXECUTIVE SUMMARY

## Conceptual Sources/Uses of Funds – Proposed Stadium

- Hotel/Motel Tax Estimates  
(No Independent Research /  
Validation Conducted)

		HOTEL/MOTEL TAX		
Fiscal Year	Escalation	LOW CASE	MID CASE	HIGH CASE
		0.00%	2.00%	3.00%
2011	Year 1	\$18,040,355	\$18,040,355	\$18,040,355
2012	Year 2	\$18,040,355	\$18,401,162	\$18,581,566
2013	Year 3	\$18,040,355	\$18,769,185	\$19,139,013
2014	Year 4	\$18,040,355	\$19,144,569	\$19,713,183
2015	Year 5	\$18,040,355	\$19,527,460	\$20,304,578
2016	Year 6	\$18,040,355	\$19,918,010	\$20,913,716
2017	Year 7	\$18,040,355	\$20,316,370	\$21,541,127
2018	Year 8	\$18,040,355	\$20,722,697	\$22,187,361
2019	Year 9	\$18,040,355	\$21,137,151	\$22,852,982
2020	Year 10	\$18,040,355	\$21,559,894	\$23,538,571
2021	Year 11	\$18,040,355	\$21,991,092	\$24,244,728
2022	Year 12	\$18,040,355	\$22,430,914	\$24,972,070
2023	Year 13	\$18,040,355	\$22,879,532	\$25,721,232
2024	Year 14	\$18,040,355	\$23,337,123	\$26,492,869
2025	Year 15	\$18,040,355	\$23,803,865	\$27,287,655
2026	Year 16	\$18,040,355	\$24,279,942	\$28,106,285
2027	Year 17	\$18,040,355	\$24,765,541	\$28,949,474
2028	Year 18	\$18,040,355	\$25,260,852	\$29,817,958
2029	Year 19	\$18,040,355	\$25,766,069	\$30,712,497
2030	Year 20	\$18,040,355	\$26,281,391	\$31,633,872
2031	Year 21	\$18,040,355	\$26,807,018	\$32,582,888
2032	Year 22	\$18,040,355	\$27,343,159	\$33,560,374
2033	Year 23	\$18,040,355	\$27,890,022	\$34,567,186
2034	Year 24	\$18,040,355	\$28,447,822	\$35,604,201
2035	Year 25	\$18,040,355	\$29,016,779	\$36,672,327
2036	Year 26	\$18,040,355	\$29,597,114	\$37,772,497
2037	Year 27	\$18,040,355	\$30,189,057	\$38,905,672
2038	Year 28	\$18,040,355	\$30,792,838	\$40,072,842
2039	Year 29	\$18,040,355	\$31,408,695	\$41,275,027
2040	Year 30	\$18,040,355	\$32,036,868	\$42,513,278

# I. EXECUTIVE SUMMARY

## Conceptual Sources/Uses of Funds – Proposed Stadium

- Hotel/Motel Tax Estimates (No Independent Research / Validation Conducted)
  - ✓ Does Not Account for Georgia Dome Principal Debt Balance at Time of Bond Issue (If Any)
    - Reduction in Net Bond Proceeds Available for Construction Could Increase Falcons' Debt

<b>HOTEL/MOTEL TAX REVENUE</b>			
<b>TAX-EXEMPT INTEREST RATE</b>	<b>SCENARIO A</b>	<b>SCENARIO B</b>	<b>SCENARIO C</b>
	<b>3.90%</b>	<b>4.15%</b>	<b>4.40%</b>
<b>LOW CASE</b>			
Total Par Amount	\$256,730,000	\$249,070,000	\$241,750,000
Net Proceeds Available	\$238,210,000	\$230,660,000	\$223,450,000
<b>MID CASE</b>			
Total Par Amount	\$330,250,000	\$319,320,000	\$308,910,000
Net Proceeds Available	\$299,250,000	\$288,480,000	\$278,230,000
<b>HIGH CASE</b>			
Total Par Amount	\$378,050,000	\$364,920,000	\$352,430,000
Net Proceeds Available	\$337,820,000	\$324,890,000	\$312,580,000

(1) Assumes credit enhancement to be provided.

# I. EXECUTIVE SUMMARY

## Project Budget

(\$ in 2011)	
<b>USES OF FUNDS</b>	
Stadium Construction Costs	
New Open-Air Stadium	\$465,000,000
Stadium Plaza (On-Grade)	\$6,500,000
Stadium Plaza (Elevated Deck)	\$7,000,000
Soft Costs	20% <u>\$95,700,000</u>
Stadium Construction Costs - Total	\$574,200,000
Other On-Site Development Costs	
Surface Parking	\$3,000,000
Structured Parking	\$12,000,000
Soil Mitigation	\$10,000,000
Power Transmission Line Relocation	\$15,000,000
Soft Costs	20% <u>\$8,000,000</u>
Other On-Site Development Costs - Total	\$48,000,000
Other Off-Site Costs	
Pedestrian Bridge	\$24,000,000
Cost to Relocate Marshalling Area	
Land	\$21,600,000
Improvement	\$14,400,000
Off-Site Contingency	<u>\$10,000,000</u>
Sub-Total - (1)	\$70,000,000
Soft Costs/Fees/Other	20% <u>\$14,000,000</u>
Other Off-Site Costs - Total - (1)	\$84,000,000
Other - Land	<u>\$15,000,000</u>
<b>USES OF FUNDS - TOTAL</b>	<b>\$721,200,000</b>

(1) - Georgia Dome Master Plan Phase III calculation modified.

Source: Georgia Dome Master Plan Phase III.

# I. EXECUTIVE SUMMARY

## Conceptual Sources and Uses of Funds

(\$ in 2011)				
		LOW CASE	MID CASE	HIGH CASE
<b>SOURCES OF FUNDS</b>				
Public Sources				
State of Georgia - Land		\$15,000,000	\$15,000,000	\$15,000,000
Net Bond Proceeds - Hotel/Motel Tax (Existing) - (1)		\$230,660,000	\$288,480,000	\$324,890,000
Public Sources - Total		\$245,660,000	\$303,480,000	\$339,890,000
Private Sources				
NFL G-4 Program				
NFL Advance		\$100,000,000	\$100,000,000	\$100,000,000
NFL Grant		\$50,000,000	\$50,000,000	\$50,000,000
NFL Loan		\$50,000,000	\$50,000,000	\$31,310,000
Atlanta Falcons				
Equity		To be Determined	To be Determined	To be Determined
Debt Funding		\$175,540,000	\$67,720,000	\$0
Private Sources - Total		\$375,540,000	\$267,720,000	\$181,310,000
Other				
PSLs (Net)		\$100,000,000	\$150,000,000	\$200,000,000
Vendor Financing		To be Determined	To be Determined	To be Determined
Other - Total		\$100,000,000	\$150,000,000	\$200,000,000
<b>SOURCES OF FUNDS - TOTAL</b>		\$721,200,000	\$721,200,000	\$721,200,000
<b>USES OF FUNDS</b>				
Stadium Construction Costs - Total		\$574,200,000	\$574,200,000	\$574,200,000
Other On-Site Development Costs - Total		\$48,000,000	\$48,000,000	\$48,000,000
Other Off-Site Costs - Total - (2)		\$84,000,000	\$84,000,000	\$84,000,000
Other - Land		\$15,000,000	\$15,000,000	\$15,000,000
<b>USES OF FUNDS - TOTAL</b>		\$721,200,000	\$721,200,000	\$721,200,000
<b>NET SURPLUS/DEFICIT</b>		\$0	\$0	\$0

(1) - Net bond proceeds reflects Scenario B interest rates.

(2) - Georgia Dome Master Plan Phase III calculation modified.

Source: Georgia Dome Master Plan Phase III.

# I. EXECUTIVE SUMMARY

## Definition of Business Value

- Business Valuation is the Process of Assigning a Value to a Financial Asset for which there is Typically No Financial Trading Market Available to Determine its Value
- Fair Market Value is Defined as the Price at which a Business Interest would Change Hands between a Willing Buyer and a Willing Seller, Neither Under Compulsion to Buy or Sell, and Each Having Reasonable Knowledge of All Relevant Facts
- Value of an Equity Interest May be Affected by, Among Other Variables, being a Non-Controlling Owner or Lack of Marketability – Discounts May Apply

## Approaches to Valuation

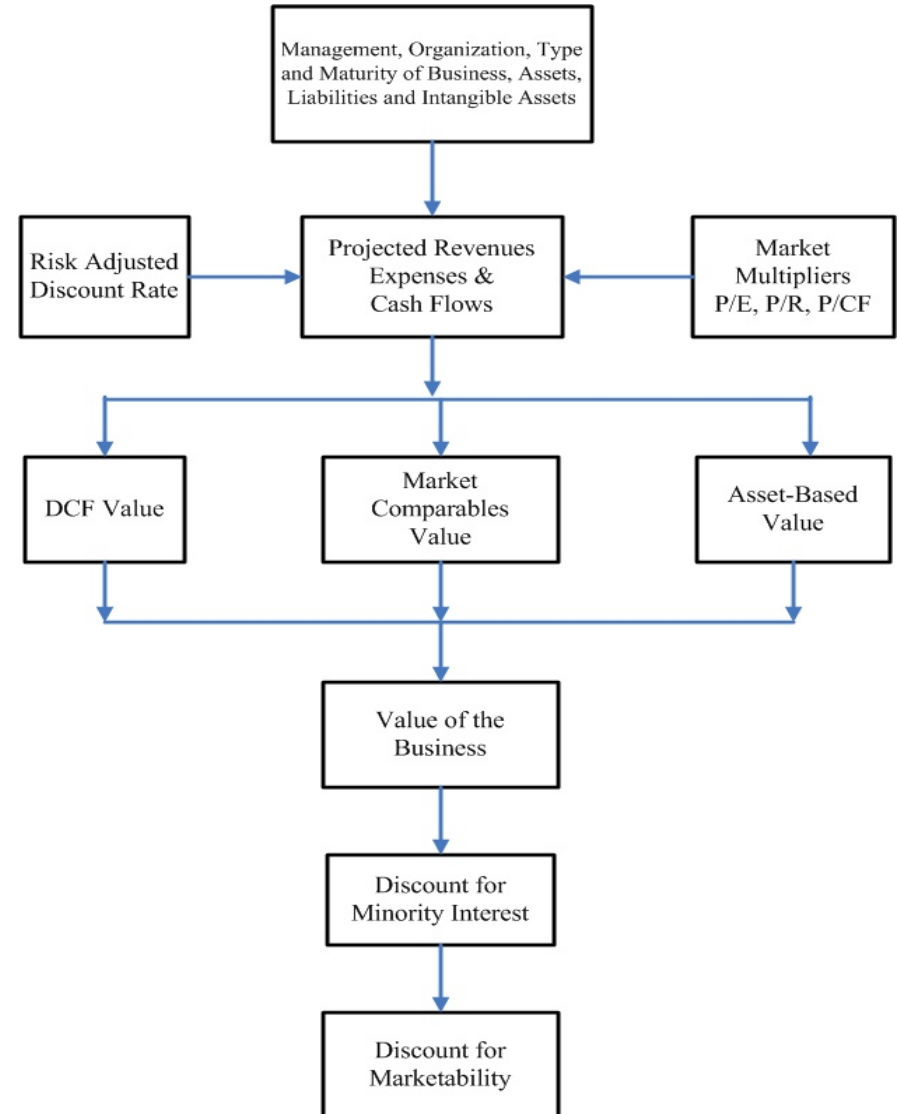
- Market Approach – Based on the Premise that the Value of a Business Enterprise is the Price Investors are Willing to Pay for Similar Interests in Comparable Business Transactions
- Income Approach (Discounted Cash Flow Model) – Based on the Premise that the Value of a Business is Equal to the Present Value of Its Expected Future Net Cash Flows
- Cost Approach – Considers the Value of the Tangible and Intangible Assets



# I. EXECUTIVE SUMMARY

## Pathway to Valuation

- Pathway to Valuation is Outlined to the Right



# I. EXECUTIVE SUMMARY

## Approaches to Valuation

### ➤ Additional Considerations

- ✓ Professional Sports Entities are Unique in Both the Benefits Derived through Ownership, as well as in Their Business Environment
- ✓ Professional Sports Entities Generate a Variety of Benefits to Ownership in Addition to Operating Cash Flow
  - Cross Marketing and Promotional Opportunities
  - Strategic/Synergistic Benefits with Other Business Interests
  - Image and Public Relations Benefits
  - Personal/Corporate Prestige and Recognition
  - Community Benefits (Revitalization/Quality of Life/Etc.)
- ✓ Leagues Limit the Number of Teams
- ✓ Prospective Buyers of Sports Teams May Also Consider the Possibility of Value Appreciation and Corporate/Personal Tax Benefits
- ✓ As a Result of Considerations Above, the Market Value of a Sports Team Often Reflects Several Factors Not Apparent from Net Cash Flow

# I. EXECUTIVE SUMMARY

## Applied Valuation Approach

- For the Purpose of this Analysis, BSG has Determined that the Market Comparable Approach Utilizing a Revenue Multiple will Yield the Most Accurate Valuation Range for an NFL Team
- Calculating the Multiple as a Product of Price to Revenue Minimizes the Effect of a Change in Cost Structure from the Seller to the Buyer
- Reported Revenues are More Likely to Accurately Reflect a Company's Performance than would Reported Profits
- Revenue Multiple Approach is Typically Used for Establishing a Value Calculation for Professional Sports Teams and Entities
- While We have Considered the Income Approach, We Acknowledge Its Limited Applicability in Many Cases Involving Professional Sports Teams
- Cost Approach is Typically Not Appropriate for Valuing Operating or Services Firms

# I. EXECUTIVE SUMMARY

## Comparable Market Transactions

- Specific Details Associated with Comparable Market Transactions can have a Material Impact on the Implied Market Value and Corresponding Revenue Multiple
  
- Consideration should be Give to the Following Factors
  - ✓ Team Brand
  - ✓ Market Characteristics
  - ✓ Team/Stadium Profitability (Current and Projected)
  - ✓ Stadium Characteristics/Amenities
  - ✓ Transaction Terms
  - ✓ Sale Conditions (Distressed Sales/Forced Sale/Etc.)
  - ✓ Economic Conditions
  - ✓ Unrelated Assets Included or Liabilities Assumed
  - ✓ Other (i.e. Quality of Practice Facility, Control Over Related Facilities, etc.)

# I. EXECUTIVE SUMMARY

## Atlanta Falcons Transactions

- As Illustrated on the Next Page, Arthur Blank Purchased the Falcons in 2002 for Approximately \$545 Million
- Minority Interest Shares in the Falcons have been Sold Several Times Since the 2002 Transaction
- According to Recent Reports, there are Eight Limited Partners
  - ✓ Brian Barker
  - ✓ Ronald Canakaris
  - ✓ Warrick Dunn
  - ✓ Douglas Hertz
  - ✓ John Imlay
  - ✓ Ed Mendel
  - ✓ Derek Smith
  - ✓ John Williams
- Arthur Blank Continues to Hold Over 90% Ownership in the Team

# I. EXECUTIVE SUMMARY

## Comparable Market Transactions

- Illustrated Below is a Summary of Recent NFL Majority Interest Transactions as Publicly Reported (Actual Prices Often Vary from Reported)

<b>Team</b>	<b>Year Sold</b>	<b>Implied Price @ 100% Interest</b>
Jacksonville Jaguars	2011	\$770,000,000
St. Louis Rams	2010	\$750,000,000
Miami Dolphins	2008	\$1,100,000,000
Minnesota Vikings	2005	\$600,000,000
Atlanta Falcons	2002	\$545,000,000
Baltimore Ravens	2000	\$600,000,000
New York Jets	2000	\$635,000,000
Washington Redskins	1999	\$800,000,000
Houston Texans (Expansion)	1999	\$700,000,000
Cleveland Browns (Expansion)	1998	\$476,000,000
Minnesota Vikings	1998	\$250,000,000

- BSG has also Considered Recent NFL Minority Interest Transactions

# I. EXECUTIVE SUMMARY

## Revenue Multiples – Majority Interest Transactions

- Estimates of Market Values and Team Revenues were Used to Calculate Implied Revenue Multiples
- As Described Above, In Order to More Accurately Evaluate Revenue Multiples for this Analysis, BSG Considered the Specific Circumstances Surrounding Each Transaction
- Specific Details of Each Transaction can have a Material Impact on the Implied Market Value and Corresponding Revenue Multiple
- Revenue Multiples for Recent Transactions (Since 2005) have Ranged from Just Over 3.50x to Over 5.00x Revenue with an Average of Just Over 4.00x
- Revenue Multiples for Transactions Involving the St. Louis Rams and Jacksonville Jaguars have been at the Lower End of the Range – Transactions Reflect Market Characteristics, Stadium Condition, Profitability, and Macro Economic Conditions
- BSG Acknowledges that, in Some Instances, Historical Revenue Multiples May be Higher than Current Market Conditions would Support (Historical Revenue Multiples have Typically been Higher – Approximately 4.50x Average)

# I. EXECUTIVE SUMMARY

## Revenue Multiples – Majority Interest Transactions

- BSG has Considered the Following Factors When Selecting the Appropriate Range of Revenue Multiples to Account for Changes in Macro Economic Conditions and Current Trends
  - ✓ Recent Transactions in the NFL
  - ✓ Transactions in Other Professional Sports Leagues
  - ✓ Previous Discussions with Representatives of the NFL and Other Leagues
  - ✓ Previous Discussions with Sports Investment Bankers
  
- Having Considered the Relevant Market Information for NFL Transactions, BSG has Concluded that a Revenue Multiple Range of 3.50x to 4.50x is Appropriate to Evaluate the Value of a 100% Controlling Interest in the Falcons
  
- Revenue Multiples for Falcons' Recent Minority Transactions Likely Occurred at the Upper End of the Range Given the Prospects of a New Stadium and the Size of the Minority Transactions
  
- Revenue Multiple for a 100% Controlling Interest in the Falcons would Likely be Approximately 4.00x or Slightly Higher Depending on the Status of the Proposed Stadium and the Deal/Lease Structure, Among Other Factors (Revenue Multiple Selection Could Vary Depending on Scenario)



# I. EXECUTIVE SUMMARY

## Fair Market Value (100% Interest) – Enterprise Value

- Illustrated Below is a Valuation Matrix Based on Various Revenue Multiple Scenarios (Negative Scenarios Unlikely Based on Contemplated Public Sector Investment)
- It Should Noted that BSG has been Limited in its Ability to Conduct Normal Due Diligence as a Result of Confidentiality Concerns. Valuation Ranges Presented Herein Do Not Constitute an Appraisal of the Falcons by ASA Standards. Presented for Illustrative Purposes Only.

### ENTERPRISE VALUE

(\$000s)							
ATLANTA FALCONS			Estimated Revenue				
Current Scenario			\$230,510				
New Stadium Scenario			\$265,483				
			NEW STADIUM				
Revenue Multiple			3.50	3.75	4.00	4.25	4.50
Estimate of FMV			\$930,000	\$1,000,000	\$1,060,000	\$1,130,000	\$1,190,000
			<i>Incremental Value</i>				
CURRENT	3.50	\$810,000	\$120,000	\$190,000	\$250,000	\$320,000	\$380,000
	3.75	\$860,000	\$70,000	\$140,000	\$200,000	\$270,000	\$330,000
	4.00	\$920,000	\$10,000	\$80,000	\$140,000	\$210,000	\$270,000
	4.25	\$980,000	(\$50,000)	\$20,000	\$80,000	\$150,000	\$210,000
	4.50	\$1,040,000	(\$110,000)	(\$40,000)	\$20,000	\$90,000	\$150,000

# I. EXECUTIVE SUMMARY

## Fair Market Value (100% Interest) – Equity Value

- In Order to Evaluate Impact of the Proposed Stadium on Equity Value, Must Consider Additional Long Term Debt Incurred by Falcons to Construct Proposed Stadium
- Below is a Calculation of a Oversimplified Hypothetical Scenario to Illustrate How the Value of Equity is Determined (as Opposed to Enterprise Value)

Enterprise Value	\$100,000,000
Less: Long Term Debt	<u>(\$25,000,000)</u>
Equity Value	\$75,000,000

# I. EXECUTIVE SUMMARY

## Fair Market Value (100% Interest) – Equity Value

- Illustrated Below is a Valuation Matrix Based on Various Revenue Multiple Scenarios (Negative Scenarios Unlikely Based on Contemplated Public Sector Investment)
- Falcons Current Debt Estimated Based on League Limits – Falcons Would Argue that a Portion or All of NFL Advance Under G-4 Program (\$100 Million) Should be Considered Debt
- It Should Noted that BSG has been Limited in its Ability to Conduct Normal Due Diligence as a Result of Confidentiality Concerns. Valuation Ranges Presented Herein Do Not Constitute an Appraisal of the Falcons by ASA Standards. Presented for Illustrative Purposes Only.

### EQUITY VALUE

ATLANTA FALCONS		Estimated Revenue	Estimated Debt				
	Current Scenario	\$230,510	\$150,000				
	New Stadium Scenario	\$265,483	\$267,720				
		NEW STADIUM					
Revenue Multiple		3.50	3.75	4.00	4.25	4.50	
Estimate of FMV (Equity)		\$660,000	\$730,000	\$790,000	\$860,000	\$930,000	
		<i>Incremental Value</i>					
CURRENT	3.50	\$660,000	\$0	\$70,000	\$130,000	\$200,000	\$270,000
	3.75	\$710,000	(\$50,000)	\$20,000	\$80,000	\$150,000	\$220,000
	4.00	\$770,000	(\$110,000)	(\$40,000)	\$20,000	\$90,000	\$160,000
	4.25	\$830,000	(\$170,000)	(\$100,000)	(\$40,000)	\$30,000	\$100,000
	4.50	\$890,000	(\$230,000)	(\$160,000)	(\$100,000)	(\$30,000)	\$40,000

# I. EXECUTIVE SUMMARY

## Preliminary Observations

- Current Value of Falcons Likely Reflects Potential for Development of a New Stadium – Current Value of Falcons Without Potential for a New Stadium Would be Lower (As a Result, Incremental Value Described Below Would be Higher)
- Teams in New Stadiums Rarely Sold – Valuation Matrix Summarized Herein May Not Fully Capture Increase in Value
- Development of a New Stadium will Allow Value of Team (and Equity) to Continue to Increase as the NFL Continues to Grow
- If No New Stadium were Developed, Continued Aging of Georgia Dome would Limit Growth Potential of Team
- Based on Scenario Outlined Herein and Current Status of New Stadium Discussions, Increase in Enterprise Value Attributable to Development of Proposed Stadium Likely in the \$175 to \$225 Million Range
- Increase in Equity Value Attributable to Development of Proposed Stadium Depends on Stadium Deal Structure and Debt to be Incurred by Falcons – Increase in Equity Value would be Substantially Less than Increase in Enterprise Value
- Consideration Could be Given to Including a Profit Sharing Provision if Team is Sold within a Certain Period After Development of a New Stadium

## **II. GEORGIA DOME OVERVIEW**



## II. GEORGIA DOME OVERVIEW

- Georgia Dome Opened in 1992 (2007/2008 Renovation)
  - ✓ Owned by State of Georgia
  - ✓ Operated by Georgia World Congress Center Authority
  - ✓ 71,207 Seats (Configurations Vary)
  - ✓ 164 Executive Suites/ 8 Super Suites/ Additional Penthouse Suite
  - ✓ 4,604 Club Seats
  
- Falcons are the Primary Tenant of the Georgia Dome – Additional Tenants Include SEC Football Championship, Chick-fil-A Bowl, Atlanta Football Classic, and Georgia State University Football, Among Others
  
- Georgia Dome Hosts Many High Profile National and International Events
  - ✓ Super Bowl XXXIV (2000)
  - ✓ Super Bowl XXVII (1994)
  - ✓ NCAA Final Four (2013\*)
  - ✓ NCAA Final Four (2007)
  - ✓ NCAA Final Four (2002)
  - ✓ Olympics (1996)
  
- Falcons Management have Expressed an Interest in Replacing the Georgia Dome with a New Open-Air Stadium on the GWCC Campus

## II. GEORGIA DOME OVERVIEW

### Summary of Key Adjustments

- BSG Reviewed Historical and Projected Georgia Operating Characteristics and Financials
- BSG has Made Adjustments to Historical Revenue/Expense Recognition
  - ✓ Falcons Brokerage Management Fee – Reflected in Seats/Suite License Fee Revenue
  - ✓ Falcons Seat/Suite Commission – Reflected in Seats/Suite License Fee Revenue
  - ✓ Non-Operating Advertising Revenue – Reflected as Advertising Revenue
  - ✓ Non-Operating Seat/Suite License Fee Revenue – Reflected as Seat/Suite License Fee Revenue
  - ✓ Non-Operating Game Tickets Expense – Reflected in Seats/Suite License Fee Revenue
  - ✓ Non-Operating Falcons Expense (Inducement) – Reflected as Operating Revenue (Deduction)

# A. EVENT MIX

## Event Mix

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
<b>Atlanta Falcons</b>					
Events	10	10	10	10	11
Average Attendance	60,918	50,427	52,350	57,777	58,801
Total Attendance	609,175	504,274	523,500	577,765	646,816
<b>College Football</b>					
Events	3	3	4	4	5
Average Attendance	61,439	57,768	62,492	58,875	45,362
Total Attendance	184,317	173,303	249,967	235,498	226,810
<b>College Basketball</b>					
Events	4	1	1	0	1
Average Attendance - (2)	63,237	46,394	26,500	NA	NA
Total Attendance - (2)	189,711	46,394	26,500	0	NA
<b>Georgia State University Football</b>					
Events	1	2	1	2	7
Average Attendance	58,613	33,890	50,464	55,354	10,810
Total Attendance	58,613	67,780	50,464	110,707	75,671
<b>Concerts</b>					
Events	1	2	1	2	1
Average Attendance	58,613	33,890	50,464	55,354	50,768
Total Attendance	58,613	67,780	50,464	110,707	50,768
<b>High School Football</b>					
Events	2	2	2	3	3
Average Attendance	37,685	38,820	30,083	24,435	23,162
Total Attendance	75,369	77,639	60,166	73,305	69,486
<b>Thrill/Dirt Shows</b>					
Events	2	2	2	3	2
Average Attendance	60,628	57,758	58,443	41,838	55,325
Total Attendance	121,256	115,515	116,885	125,515	110,650
<b>Graduations</b>					
Events	2	7	11	10	9
Average Attendance	8,558	8,279	8,581	9,135	1,224
Total Attendance	17,116	57,951	94,389	91,348	11,015
<b>Miscellaneous</b>					
Events	9	9	8	8	12
Average Attendance - (1)	22,295	17,210	17,420	14,170	27,357
Total Attendance - (1)	156,067	154,886	139,361	113,362	328,288
<b>Total</b>					
Events	34	38	40	42	51
Total Attendance	1,470,237	1,265,522	1,311,696	1,438,207	1,519,504

(1) FY 2007 attendance for select events not available. Attendance calculations only represent events with data provided.



## B. OPERATING REVENUES

### Operating Revenues – Summary

- Illustrated Below is a Summary of Georgia Dome Total Revenues
- From FY 2003-04 to FY 2010-11, Total Revenues have Averaged Approximately \$22.8 Million and have Increased at a Compounded Annual Growth Rate of (CAGR) of 4.6%

GEORGIA DOME OPERATIONS SUMMARY - ADJUSTED									
REVENUES	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	CAGR
Total Operating Revenues	\$10,136,464	\$13,038,462	\$12,209,031	\$12,444,861	\$11,515,430	\$12,654,595	\$15,184,771	\$19,612,317	11.6%
Advertising									
Gross Advertising	\$3,792,085	\$4,393,904	\$5,186,313	\$5,026,800	\$6,508,138	\$6,090,888	\$6,001,500	\$6,142,700	8.4%
Commissions/Fees	(\$465,609)	(\$843,966)	(\$1,536,484)	(\$1,512,480)	(\$2,440,552)	(\$2,131,811)	(\$2,100,525)	(\$2,149,945)	29.0%
Adjustment - To be Confirmed	(\$156,422)	(\$151,096)	(\$59,151)	\$0	\$0	\$0	\$0	\$0	NA
Net Advertising	\$3,170,054	\$3,398,842	\$3,590,678	\$3,514,320	\$4,067,586	\$3,959,077	\$3,900,975	\$3,992,755	3.9%
Seats/Suite License Fee									
Gross Seats/Suite License Fee	\$14,016,510	\$14,956,825	\$17,379,375	\$18,008,292	\$20,780,204	\$18,766,955	\$19,078,495	\$18,182,981	4.4%
Ticket Costs	(\$3,860,450)	(\$5,393,850)	(\$6,548,732)	(\$7,316,867)	(\$7,294,716)	(\$6,169,890)	(\$7,393,019)	(\$8,456,608)	14.0%
Commissions/Fees/Brokerage Mgt Fee	(\$376,712)	(\$1,017,810)	(\$2,507,475)	(\$3,854,593)	(\$5,248,959)	(\$4,264,429)	(\$4,287,824)	(\$4,244,899)	49.7%
Net Seats/Suite License Fee	\$9,779,348	\$8,545,165	\$8,323,168	\$6,836,832	\$8,236,530	\$8,332,636	\$7,397,652	\$5,481,474	-9.2%
Falcons Inducement	(\$5,730,453)	(\$6,904,324)	(\$6,673,604)	(\$4,608,195)	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)	(\$6,328,241)	1.7%
<b>TOTAL REVENUES</b>	<b>\$17,355,413</b>	<b>\$18,078,145</b>	<b>\$17,449,273</b>	<b>\$18,187,818</b>	<b>\$19,819,546</b>	<b>\$20,946,308</b>	<b>\$22,483,398</b>	<b>\$22,758,305</b>	<b>4.6%</b>

# B. OPERATING REVENUES

## Operating Revenues – Detail

GEORGIA DOME OPERATIONS DETAIL - ADJUSTED									
	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	CAGR
<b>REVENUES</b>									
Operating Revenues									
Interest - Security Deposit/Fees	\$75,852	\$174,586	\$356,509	\$490,363	\$378,187	\$89,936	\$69,391	\$23,613	-17.7%
Space Rental	\$4,071,195	\$5,137,173	\$5,330,650	\$5,750,749	\$6,080,715	\$5,599,528	\$5,988,625	\$7,794,466	11.4%
Rent-Suites Non Falcons Game	\$0	\$335,950	\$174,316	\$155,305	\$530,532	\$964,905	\$876,061	\$1,036,595	NA
Rent-Suites Falcons Game	\$1,192,268	\$1,188,346	\$754,198	\$713,468	\$539,076	\$418,642	\$820,010	\$1,537,282	4.3%
Equipment Rental	\$21,586	\$23,493	\$23,400	\$21,196	\$33,295	\$42,049	\$29,833	\$60,293	18.7%
Utility Services	\$66,589	\$171,077	\$103,774	\$71,562	\$100,628	\$73,542	\$87,114	\$146,559	14.1%
Parking	\$414,368	\$414,176	\$675,644	\$707,268	\$704,158	\$591,077	\$576,393	\$766,791	10.8%
Food and Beverage	\$3,975,469	\$5,168,281	\$4,247,326	\$4,134,163	\$2,709,519	\$4,151,639	\$6,268,592	\$7,565,363	11.3%
Contract Labor	\$118,437	\$131,643	\$121,385	\$105,776	\$143,825	\$143,475	\$146,458	\$248,108	13.1%
Telecommunications	\$49,648	\$37,010	\$42,488	\$48,900	\$34,818	\$43,716	\$43,104	\$61,000	3.5%
Novelties	\$100,461	\$93,906	\$152,448	\$143,789	\$88,419	\$103,787	\$128,876	\$163,620	8.5%
Miscellaneous	\$50,591	\$162,821	\$226,895	\$102,320	\$172,258	\$74,982	\$150,313	\$208,628	26.6%
Cancellation Fee	\$0	\$0	\$0	\$0	\$0	\$357,317	\$0	\$0	NA
<b>Total Operating Revenues</b>	<b>\$10,136,464</b>	<b>\$13,038,462</b>	<b>\$12,209,031</b>	<b>\$12,444,861</b>	<b>\$11,515,430</b>	<b>\$12,654,595</b>	<b>\$15,184,771</b>	<b>\$19,612,317</b>	<b>11.6%</b>
Advertising									
Gross Advertising	\$3,792,085	\$4,393,904	\$5,186,313	\$5,026,800	\$6,508,138	\$6,090,888	\$6,001,500	\$6,142,700	8.4%
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Adjustment - To be Confirmed	(\$156,422)	(\$151,096)	(\$59,151)	\$0	\$0	\$0	\$0	\$0	NA
<b>Net Advertising</b>	<b>\$3,170,054</b>	<b>\$3,398,842</b>	<b>\$3,590,678</b>	<b>\$3,514,320</b>	<b>\$4,067,586</b>	<b>\$3,959,077</b>	<b>\$3,900,975</b>	<b>\$3,992,755</b>	<b>3.9%</b>
Seats/Suite License Fee									
Gross Seats/Suite License Fee	\$14,016,510	\$14,956,825	\$17,379,375	\$18,008,292	\$20,780,204	\$18,766,955	\$19,078,495	\$18,182,981	4.4%
Ticket Costs	(\$3,860,450)	(\$5,393,850)	(\$6,548,732)	(\$7,316,867)	(\$7,294,716)	(\$6,169,890)	(\$7,393,019)	(\$8,456,608)	14.0%
Commissions/Fees/Brokerage Mgt Fee	(\$376,712)	(\$1,017,810)	(\$2,507,475)	(\$3,854,593)	(\$5,248,959)	(\$4,264,429)	(\$4,287,824)	(\$4,244,899)	49.7%
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Falcons Inducement	(\$5,730,453)	(\$6,904,324)	(\$6,673,604)	(\$4,608,195)	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)	(\$6,328,241)	1.7%
<b>TOTAL REVENUES</b>	<b>\$17,355,413</b>	<b>\$18,078,145</b>	<b>\$17,449,273</b>	<b>\$18,187,818</b>	<b>\$19,819,546</b>	<b>\$20,946,308</b>	<b>\$22,483,398</b>	<b>\$22,758,305</b>	<b>4.6%</b>

# C. OPERATING EXPENSES

## Operating Expenses – Summary

- From FY 2003-04 to FY 2010-11, Total Expenses Increased at a CAGR of 6.2%

GEORGIA DOME OPERATIONS SUMMARY - ADJUSTED									
	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	CAGR
<b>EXPENSES</b>									
Total Personal Services	\$6,064,336	\$6,314,165	\$6,888,373	\$7,691,845	\$7,777,686	\$7,561,763	\$7,895,499	\$8,825,329	6.5%
Total Regular Operating	\$4,390,442	\$4,651,222	\$4,457,394	\$4,828,798	\$5,371,921	\$4,954,968	\$4,892,573	\$6,142,132	5.8%
Total Equipment Purchases	\$132,442	\$105,758	\$79,399	\$190,404	\$92,131	\$87,834	\$162,747	\$99,677	-4.6%
Total Per Diem/Fees/Contracts	\$2,357,026	\$2,172,574	\$2,270,827	\$2,358,734	\$2,434,225	\$2,664,398	\$3,618,277	\$3,569,070	7.2%
Total Computer	\$252,937	\$249,446	\$305,839	\$324,208	\$337,096	\$276,593	\$344,171	\$385,031	7.3%
Total Other	\$192,045	\$175,675	\$176,033	\$176,311	\$211,921	\$183,781	\$173,989	\$185,389	-0.6%
<b>TOTAL EXPENSES</b>	\$13,389,228	\$13,668,839	\$14,177,863	\$15,570,300	\$16,224,981	\$15,729,338	\$17,087,256	\$19,206,627	6.2%

# C. OPERATING EXPENSES

## Operating Expenses – Overview Detail

GEORGIA DOME OPERATIONS DETAIL - ADJUSTED									
	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	CAGR
<b>EXPENSES</b>									
Personal Services									
Salaries	\$3,446,772	\$3,450,934	\$4,140,176	\$4,436,880	\$4,504,693	\$4,610,367	\$4,707,363	\$4,741,636	5.5%
Overtime	\$305,637	\$347,133	\$278,817	\$402,624	\$343,059	\$228,105	\$241,634	\$410,975	5.1%
Temporary Help	\$1,163,774	\$1,357,579	\$1,224,932	\$1,371,620	\$1,116,500	\$1,236,725	\$1,207,222	\$1,496,513	4.3%
Employer Related Costs	\$1,137,141	\$1,143,559	\$1,210,160	\$1,426,986	\$1,721,005	\$1,372,812	\$1,606,857	\$1,948,139	9.4%
Insurance Liability	\$5,396	\$10,934	\$30,398	\$50,706	\$90,012	\$109,605	\$129,767	\$225,132	86.2%
Personal Services - Other	\$5,617	\$4,026	\$3,891	\$3,030	\$2,417	\$4,148	\$2,657	\$2,934	-10.3%
<b>Total Personal Services</b>	<b>\$6,064,336</b>	<b>\$6,314,165</b>	<b>\$6,888,373</b>	<b>\$7,691,845</b>	<b>\$7,777,686</b>	<b>\$7,561,763</b>	<b>\$7,895,499</b>	<b>\$8,825,329</b>	<b>6.5%</b>
Regular Operating									
Motor Vehicle Expenses	\$6,812	\$8,584	\$8,362	\$585	\$51	\$91	\$175	\$2,442	-15.7%
Supplies - Building Engineering	\$218,787	\$310,367	\$299,718	\$377,257	\$320,518	\$362,438	\$346,473	\$292,285	4.9%
Supplies - Building Services	\$149,357	\$186,961	\$196,806	\$229,339	\$317,639	\$241,652	\$247,547	\$343,611	14.9%
Supplies - Other	\$134,068	\$122,423	\$155,516	\$149,555	\$195,475	\$150,314	\$216,433	\$405,549	20.3%
Repair	\$356,045	\$536,865	\$400,670	\$474,127	\$419,522	\$447,889	\$529,000	\$640,752	10.3%
Utilities - Electric	\$1,177,884	\$1,105,479	\$1,246,889	\$1,382,530	\$1,599,981	\$1,555,227	\$1,532,735	\$1,781,967	7.1%
Utilities - Water	\$210,130	\$259,949	\$285,559	\$383,214	\$315,247	\$301,552	\$322,228	\$526,418	16.5%
Utilities - Gas	\$251,018	\$261,860	\$332,083	\$227,951	\$244,229	\$249,347	\$189,049	\$169,514	-6.3%
Publications and Printing	\$149,136	\$168,876	\$149,083	\$178,939	\$115,967	\$171,888	\$119,777	\$142,902	-0.7%
Rent	\$59,559	\$28,375	\$101,737	\$24,757	\$29,798	\$45,931	\$22,690	\$30,741	-10.4%
Insurance	\$196,735	\$235,690	\$245,658	\$132,305	\$176,668	\$162,360	\$181,795	\$237,954	3.2%
Uniform/Laundry	\$91,782	\$105,274	\$97,731	\$78,853	\$60,280	\$102,497	\$64,880	\$73,708	-3.6%
Miscellaneous	\$270,741	\$268,265	\$259,014	\$130,696	\$468,416	\$298,542	\$349,474	\$413,887	7.3%
Dues/Subscriptions & Fees	\$24,601	\$6,693	\$25,644	\$5,749	\$40,566	\$27,347	\$25,559	\$30,316	3.5%
Advertising & Promotions	\$540,393	\$386,399	\$98,687	\$365,693	\$337,993	\$167,641	\$126,874	\$361,864	-6.5%
Administrative Overhead	\$337,244	\$374,486	\$418,855	\$469,212	\$647,847	\$627,760	\$558,621	\$561,771	8.9%
Police Expense Reimbursed	\$0	\$0	\$0	\$34,789	\$35,696	\$20,168	\$9,911	\$30,274	NA
Zone Expense Reimbursed	\$0	\$0	\$33,047	\$0	\$0	\$0	\$0	\$0	NA
Equipment Expendable	\$216,150	\$284,674	\$102,334	\$183,248	\$46,029	\$22,324	\$49,350	\$96,176	-12.6%
<b>Total Regular Operating</b>	<b>\$4,390,442</b>	<b>\$4,651,222</b>	<b>\$4,457,394</b>	<b>\$4,828,798</b>	<b>\$5,371,921</b>	<b>\$4,954,968</b>	<b>\$4,892,573</b>	<b>\$6,142,132</b>	<b>5.8%</b>
Equipment Purchases									
Equipment Depreciable	\$84,175	\$61,275	\$38,805	\$142,615	\$54,030	\$39,082	\$107,535	\$45,077	-9.9%
Lease/Purchase Equipment	\$24,971	\$22,770	\$21,971	\$35,145	\$28,433	\$38,010	\$41,236	\$41,529	8.8%
Rent-Pagers/Postage Meters	\$7,619	\$5,982	\$4,014	\$8,149	\$3,800	\$5,345	\$8,087	\$5,938	-4.1%
Rent-Auto Leasing	\$12,001	\$11,976	\$10,899	\$0	\$0	\$0	\$0	\$0	-100.0%
Rent-Compactor Lease	\$3,675	\$3,630	\$3,710	\$4,495	\$4,778	\$4,410	\$4,410	\$5,399	6.6%
Rent-Equipment	\$0	\$125	\$0	\$0	\$1,091	\$987	\$1,479	\$1,734	NA
<b>Total Equipment Purchases</b>	<b>\$132,442</b>	<b>\$105,758</b>	<b>\$79,399</b>	<b>\$190,404</b>	<b>\$92,131</b>	<b>\$87,834</b>	<b>\$162,747</b>	<b>\$99,677</b>	<b>-4.6%</b>
Per Diem/Fees/Contracts									
Per Diem and Fees	\$186,118	\$55,275	\$92,034	\$133,916	\$197,853	\$155,280	\$225,441	\$192,791	0.6%
Show Labor	\$466,513	\$385,360	\$360,184	\$375,618	\$449,681	\$423,379	\$424,376	\$562,206	3.2%
Contracts-Elevator/Escalator	\$125,701	\$130,273	\$146,914	\$153,207	\$159,393	\$172,804	\$161,282	\$206,861	8.7%
Contracts-Trash Removal	\$22,819	\$26,352	\$28,253	\$22,313	\$24,073	\$22,210	\$25,294	\$26,256	2.4%
Contracts-Landscape	\$53,634	\$56,607	\$60,997	\$76,885	\$51,986	\$61,206	\$329,302	\$100,821	11.1%
Contracts-Other	\$556,003	\$632,472	\$568,585	\$476,322	\$379,312	\$524,657	\$1,077,479	\$896,676	8.3%
Contracts-Crowd Management	\$709,985	\$674,513	\$787,163	\$884,881	\$780,246	\$834,068	\$945,252	\$1,010,337	6.1%
Contracts-Crawford	\$188,744	\$203,986	\$190,411	\$184,877	\$237,882	\$183,037	\$225,755	\$263,539	5.7%
Holiday Lights	\$40,000	\$0	\$27,515	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	0.0%
Falcons Brokerage Management Fee									
Master Plan	\$0	\$0	\$0	\$0	\$108,732	\$237,968	\$152,275	\$264,305	NA
Falcon Suite/Seat Commission									
Contractual-Radios	\$7,508	\$7,737	\$8,771	\$10,716	\$5,067	\$9,789	\$11,822	\$5,277	-5.7%
<b>Total Per Diem/Fees/Contracts</b>	<b>\$2,357,026</b>	<b>\$2,172,574</b>	<b>\$2,270,827</b>	<b>\$2,358,734</b>	<b>\$2,434,225</b>	<b>\$2,664,398</b>	<b>\$3,618,277</b>	<b>\$3,569,070</b>	<b>7.2%</b>
Computer									
Software/Depreciation Equipment	\$67,137	\$62,646	\$100,624	\$119,245	\$132,518	\$81,411	\$149,331	\$185,064	18.4%
Computer Contracts	\$185,800	\$186,800	\$205,215	\$204,963	\$204,578	\$195,182	\$194,840	\$199,967	1.2%
<b>Total Computer</b>	<b>\$252,937</b>	<b>\$249,446</b>	<b>\$305,839</b>	<b>\$324,208</b>	<b>\$337,096</b>	<b>\$276,593</b>	<b>\$344,171</b>	<b>\$385,031</b>	<b>7.3%</b>
Other									
Travel	\$35,750	\$20,731	\$27,124	\$28,783	\$55,265	\$27,452	\$51,210	\$48,068	5.1%
Telecommunications	\$156,295	\$154,945	\$148,909	\$147,529	\$156,656	\$156,329	\$122,779	\$137,320	-2.1%
Total Other	\$192,045	\$175,675	\$176,033	\$176,311	\$211,921	\$183,781	\$173,989	\$185,389	-0.6%
<b>TOTAL EXPENSES</b>	<b>\$13,389,228</b>	<b>\$13,668,839</b>	<b>\$14,177,863</b>	<b>\$15,570,300</b>	<b>\$16,224,981</b>	<b>\$15,729,338</b>	<b>\$17,087,256</b>	<b>\$19,206,627</b>	<b>6.2%</b>

# D. OPERATING PROFIT/LOSS

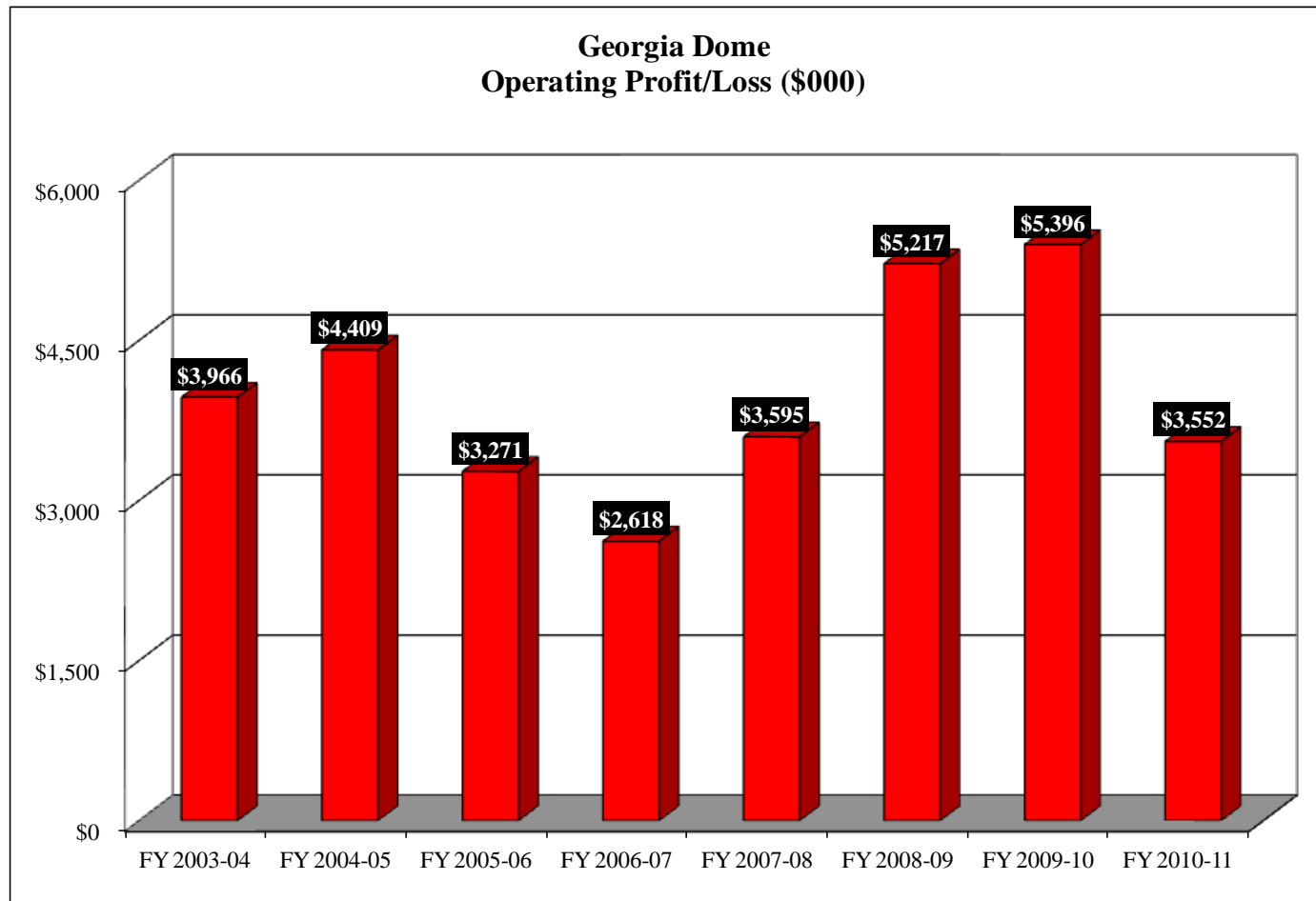
## Operating Profit/Loss – Summary

GEORGIA DOME OPERATIONS DETAIL - ADJUSTED									
	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	CAGR
<b>REVENUES</b>									
Total Operating Revenues	\$10,136,464	\$13,038,462	\$12,209,031	\$12,444,861	\$11,515,430	\$12,654,595	\$15,184,771	\$19,612,317	11.6%
Net Advertising	\$3,170,054	\$3,398,842	\$3,590,678	\$3,514,320	\$4,067,586	\$3,959,077	\$3,900,975	\$3,992,755	3.9%
Net Seats/Suite License Fee	\$9,779,348	\$8,545,165	\$8,323,168	\$6,836,832	\$8,236,530	\$8,332,636	\$7,397,652	\$5,481,474	-9.2%
Falcons Inducement	(\$5,730,453)	(\$6,904,324)	(\$6,673,604)	(\$4,608,195)	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)	(\$6,328,241)	1.7%
<b>TOTAL REVENUES</b>	\$17,355,413	\$18,078,145	\$17,449,273	\$18,187,818	\$19,819,546	\$20,946,308	\$22,483,398	\$22,758,305	4.6%
<b>EXPENSES</b>									
Total Personal Services	\$6,064,336	\$6,314,165	\$6,888,373	\$7,691,845	\$7,777,686	\$7,561,763	\$7,895,499	\$8,825,329	6.5%
Total Regular Operating	\$4,390,442	\$4,651,222	\$4,457,394	\$4,828,798	\$5,371,921	\$4,954,968	\$4,892,573	\$6,142,132	5.8%
Total Equipment Purchases	\$132,442	\$105,758	\$79,399	\$190,404	\$92,131	\$87,834	\$162,747	\$99,677	-4.6%
Total Per Diem/Fees/Contracts	\$2,357,026	\$2,172,574	\$2,270,827	\$2,358,734	\$2,434,225	\$2,664,398	\$3,618,277	\$3,569,070	7.2%
Total Computer	\$252,937	\$249,446	\$305,839	\$324,208	\$337,096	\$276,593	\$344,171	\$385,031	7.3%
Total Other	\$192,045	\$175,675	\$176,033	\$176,311	\$211,921	\$183,781	\$173,989	\$185,389	-0.6%
<b>TOTAL EXPENSES</b>	\$13,389,228	\$13,668,839	\$14,177,863	\$15,570,300	\$16,224,981	\$15,729,338	\$17,087,256	\$19,206,627	6.2%
<b>OPERATING PROFIT (LOSS)</b>	\$3,966,185	\$4,409,306	\$3,271,410	\$2,617,519	\$3,594,565	\$5,216,970	\$5,396,142	\$3,551,678	-1.8%
Total Non-Operating Revenues	\$17,567,979	\$18,618,617	\$22,725,712	\$24,811,562	\$57,325,474	\$30,174,418	\$18,811,522	\$20,127,359	2.3%
Total Non-Operating Expenses	\$13,118,619	\$12,065,331	\$10,815,082	\$11,741,884	\$43,984,691	\$26,583,700	\$14,119,243	\$8,887,293	-6.3%
<b>NET AFTER NON-OPERATING</b>	\$8,415,546	\$10,962,591	\$15,182,040	\$15,687,197	\$16,935,348	\$8,807,689	\$10,088,421	\$14,791,744	9.9%
Total Depreciation	\$7,138,668	\$8,614,094	\$8,863,903	\$8,590,136	\$8,778,793	\$3,561,665	\$7,840,028	\$8,935,661	3.8%
<b>NET AFTER DEPRECIATION</b>	\$1,276,878	\$2,348,498	\$6,318,137	\$7,097,061	\$8,156,555	\$5,246,024	\$2,248,393	\$5,856,083	28.9%

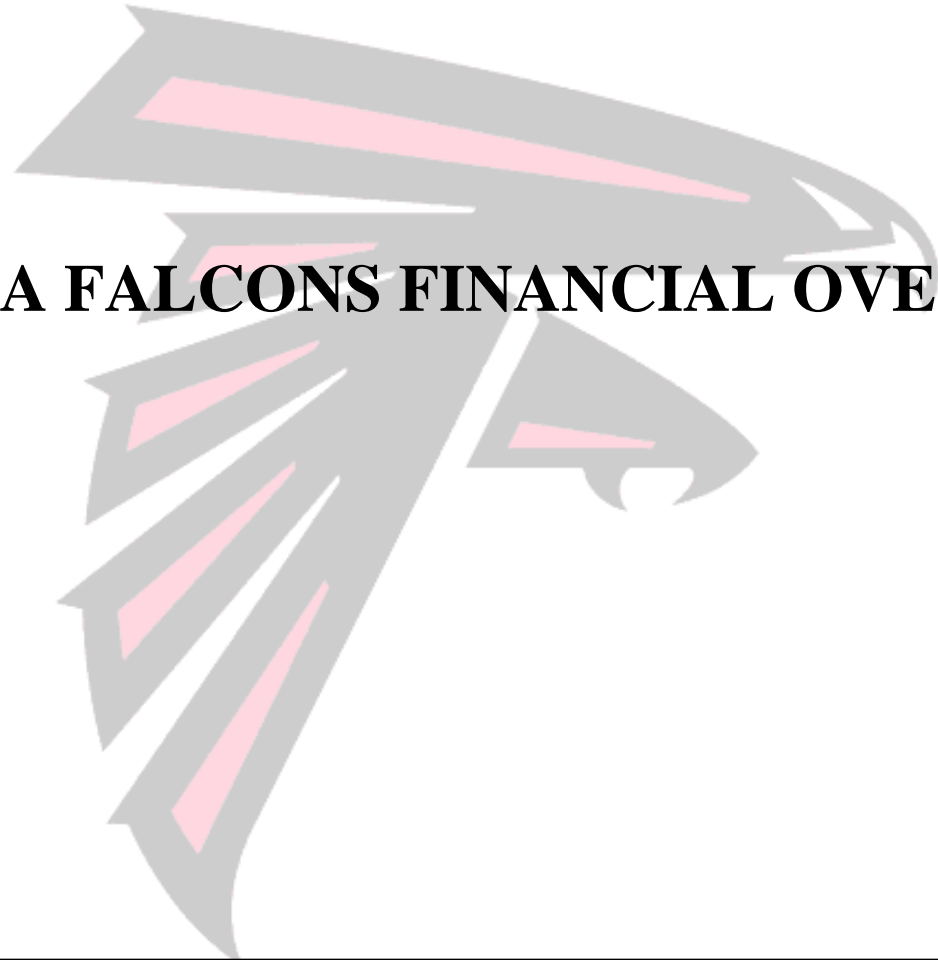
# D. OPERATING PROFIT/LOSS

## Operating Profit/Loss – Trends

- From FY 2003-04 to FY 2010-11, Operating Profit has Averaged \$4.0 Million



### **III. ATLANTA FALCONS FINANCIAL OVERVIEW**



# III. ATLANTA FALCONS FINANCIAL OVERVIEW

## NFL Background

- The National Football League (NFL) is Widely Considered One of the Most Successful Professional Sports Leagues in the World
- NFL Consists of 32 NFL Teams Throughout the United States
- Two conferences: the American Football Conference (AFC) and the National Football Conference (NFC), Further Subdivided into East, West, North, and South Divisions

<b><u>NFC East</u></b> Dallas Cowboys New York Giants Philadelphia Eagles Washington Redskins	<b><u>NFC West</u></b> Arizona Cardinals San Francisco 49ers St. Louis Rams Seattle Seahawks	<b><u>NFC North</u></b> Chicago Bears Detroit Lions Green Bay Packers Minnesota Vikings	<b><u>NFC South</u></b> <b>Atlanta Falcons</b> Carolina Panthers New Orleans Saints Tampa Bay Buccaneers
<b><u>AFC East</u></b> Buffalo Bills New England Patriots New York Jets Miami Dolphins	<b><u>AFC West</u></b> Denver Broncos Kansas City Chiefs Oakland Raiders San Diego Chargers	<b><u>AFC North</u></b> Baltimore Ravens Cincinnati Bengals Cleveland Browns Pittsburgh Steelers	<b><u>AFC South</u></b> Houston Texans Indianapolis Colts Jacksonville Jaguars Tennessee Titans

- NFL Season Generally Runs from Late July (Training Camp) through Late January/Early February (Super Bowl)
- NFL Teams Play Four Pre-Season Games and 16 Regular Season Games



# III. ATLANTA FALCONS FINANCIAL OVERVIEW

## Market Overview

- Market Area Size and Characteristics will Impact the Ability of an NFL Team to Generate Local Revenue and this Must be Considered when Evaluating Deal Structure/Lease Terms
  
- BSG has Evaluated the Base Market Characteristics
  - ✓ NFL Market Area Comparison – CBSA Designation
  
  - ✓ NFL Market Area Comparison – CBSA Designation (Adjusted)

# III. ATLANTA FALCONS FINANCIAL OVERVIEW

## Market Demographics – Based on CBSA Designation

- Atlanta is Above the Average of NFL Markets in Terms of Population and Households
- Atlanta is Comparable to the NFL Market Average in All Income Measurements
- Atlanta is Above the Average of NFL Markets in Terms of Media Measurements
- Atlanta is Above the Average of NFL Markets in Terms of Corporate Base Measurements

NFL Summary - CBSA Designation Overview			
Statistical Measure	Atlanta	Rank 32	NFL Average - (1)
2011 Population (000s)	5,490.4	9	4,466.8
2016 Population (000s)	6,075.6	7	4,633.4
Est. % Growth 2011-16	10.66%	3	4.2%
2010 Households (000s)	1,975.6	9	1,663.6
2015 Households (000s)	2,175.3	8	1,723.0
Est. % Growth 2011-16	10.11%	3	4.1%
Average Household Income	\$75,648	14	\$74,659
Median Household Income	\$58,099	14	\$56,507
Per Capita Income	\$27,492	15	\$28,710
High Income Households (000s)	431.4	11	410.4
Average Age	35.2	3	37.8
Median Age	34.8	4	37.3
Unemployment Rate	9.63%	30	8.05%
TV Homes	2,407.1	9	2,007.6
Radio Population	4,479.8	8	3,844.3
Companies w/ \$50+mm Sales	397	11	318
Companies w/ 500+ Employees	275	9	235

Source: Claritas 2011, Neilsen 2011, Arbitron Spring 2011 and Dun & Bradstreet 2011.

(1) - Excludes Atlanta-Sandy Springs et al, GA.

# III. ATLANTA FALCONS FINANCIAL OVERVIEW

## Market Analysis – Adjusted Demographics

BSG Also Evaluated the Adjusted Market Demographics of the Atlanta Market as Compared to Other NFL Markets – Demographics Adjusted to Account for the Number of Major Professional Sports Teams in the Market

➤ Atlanta is Above the NFL Market Average in Each of the Following Categories:

- ✓ Adjusted Population and Households
- ✓ Adjusted High Income Households
- ✓ Adjusted Media Measurements
- ✓ Adjusted Corporate Base Measurements

NFL Summary - Adjusted CBSA Designation Overview			
Statistical Measure	Atlanta	Rank 32	NFL Average - (1)
Number of Major League Teams	3	NA	3.4
2011 Population (000s)	1,830.1	5	1,170.9
2016 Population (000s)	2,025.2	4	1,222.1
2011 Households (000s)	658.5	6	442.0
2016 Households (000s)	725.1	4	460.7
High Income Households (000s)	143.8	7	101.4
TV Homes	802.4	4	554.2
Radio Population	1,493.3	6	1,005.8
Companies w/ \$50+mm Sales	132	4	86
Companies w/ 500+ Employees	92	5	65

Source: Claritas 2011, Nielsen 2011, Arbitron Spring 2011 and Dun & Bradstreet 2011.

(1) - Excludes Atlanta-Sandy Springs et al, GA.

### Market Analysis – Key Observation

Notwithstanding the Base/Adjusted Demographics for Atlanta, Some Aspects of the Market Often Do Not Perform Well Relative to Other Markets of Comparable Size in Terms of Support for its Professional Sports Teams

# III. ATLANTA FALCONS FINANCIAL OVERVIEW

## NFL Stadium Characteristics

Team	Stadium	City	Year Built/Renovated	Capacity	Luxury Suites	Club Seats	Controlled Parking	Type
Arizona Cardinals	University of Phoenix Stadium	Glendale, AZ	2006	63,400	88	7,400	14,000	Retractable
Atlanta Falcons	Georgia Dome	Atlanta, GA	1992	71,207	164	4,604	NA	Dome
Baltimore Ravens	M&T Bank Stadium	Baltimore, MD	1998	71,008	128	8,196	4,200	Open Air
Buffalo Bills	Ralph Wilson Stadium	Orchard Park, NY	1973	73,079	141	6,878	NA	Open Air
Carolina Panthers	Bank of America Stadium	Charlotte, NC	1996	73,367	159	11,356	Minimal	Open Air
Chicago Bears	Soldier Field	Chicago, IL	1924/2003	61,500	133	8,000	8,000	Open Air
Cincinnati Bengals	Paul Brown Stadium	Cincinnati, OH	2000	65,535	114	7,600	5,000	Open Air
Cleveland Browns	Cleveland Browns Stadium	Cleveland, OH	1999	73,200	147	8,754	Minimal	Open Air
Dallas Cowboys	Cowboys Stadium	Arlington, TX	2009	74,000	380	14,800	27,000	Retractable
Denver Broncos	Invesco Field at Mile High	Denver, CO	2001	76,125	132	8,800	7,100	Open Air
Detroit Lions	Ford Field	Detroit, MI	2002	64,355	132	8,641	5,500	Dome
Green Bay Packers	Lambeau Field	Green Bay, WI	1957/2003	73,128	162	6,000	4,900	Open Air
Houston Texans	Reliant Stadium	Houston, TX	2002	71,403	194	8,536	26,000	Retractable
Indianapolis Colts (1)	Lucas Oil Stadium	Indianapolis, IN	2008	63,000	137	7,100	3,000	Retractable
Jacksonville Jaguars	EverBank Field	Jacksonville, FL	1955/1995	73,000	90	10,000	6,000	Open Air
Kansas City Chiefs	Arrowhead Stadium	Kansas City, MO	2010	77,038	80	10,199	19,200	Open Air
Miami Dolphins	Sun Life Stadium	Miami, FL	2009	75,540	240	10,193	25,000	Open Air
Minnesota Vikings	The Metrodome	Minneapolis, MN	1982	64,121	98	0	NA	Dome
New England Patriots	Gillette Stadium	Foxborough, MA	2002	68,000	80	6,000	14,000	Open Air
New Orleans Saints	Mercedes-Benz Superdome	New Orleans, LA	1975/2011	72,675	152	8,700	5,000	Dome
New York Jets	Meadowlands Stadium	East Rutherford, NJ	2010	82,500	222	10,000	25,000	Open Air
New York Giants	Meadowlands Stadium	East Rutherford, NJ	2010	82,500	222	10,000	25,000	Open Air
Oakland Raiders	O.co Coliseum	Oakland, CA	1966/1996	63,142	143	6,000	11,000	Open Air
Philadelphia Eagles	Lincoln Financial Field	Philadelphia, PA	2003	67,594	172	10,828	5,850	Open Air
Pittsburgh Steelers	Heinz Field	Pittsburgh, PA	2001	65,050	129	7,300	Minimal	Open Air
San Diego Chargers	Qualcomm Stadium	San Diego, CA	1967/1997	70,561	113	7,615	18,500	Open Air
San Francisco 49ers	Candlestick Park	San Francisco, CA	1958	69,900	94	0	Minimal	Open Air
Seattle Seahawks	CenturyLink Field	Seattle, WA	2002	67,000	112	7,000	3,100	Open Air
St. Louis Rams	Edward Jones Dome	St. Louis, MO	1995	66,000	124	6,500	Minimal	Dome
Tampa Bay Buccaneers	Raymond James Stadium	Tampa Bay, FL	1998	65,657	195	12,000	9,500	Open Air
Tennessee Titans	LP Field	Nashville, TN	1999	67,700	176	12,000	7,500	Open Air
Washington Redskins	FedEx Field	Landover, MD	1997	85,407	280	15,735	22,000	Open Air
Average				70,553	154	8,335	12,556	

Source: Revenues from Sports Venues, Internal Database, and Industry Research.

(1) - Club seat inventory excludes loge level seats.

# III. ATLANTA FALCONS FINANCIAL OVERVIEW

## NFL On-Field Performance

Team	Number of Wins									2003 - 2011 Rank	
	2003	2004	2005	2006	2007	2008	2009	2010	2011	Average	32
New England Patriots	14	14	10	12	16	11	10	14	13	12.7	1
Indianapolis Colts	12	12	14	12	13	12	14	10	2	11.2	2
Pittsburgh Steelers	6	15	11	8	10	12	9	12	12	10.6	3
San Diego Chargers	4	12	9	14	11	8	13	9	8	9.8	4
Baltimore Ravens	10	9	6	13	5	11	9	12	12	9.7	5
Green Bay Packers	10	10	4	8	13	6	11	10	15	9.7	5
Philadelphia Eagles	12	13	6	10	8	9	11	10	8	9.7	5
Dallas Cowboys	10	6	9	9	13	9	11	6	8	9.0	8
New Orleans Saints	8	8	3	10	7	8	13	11	13	9.0	8
<b>Atlanta Falcons</b>	<b>5</b>	<b>11</b>	<b>8</b>	<b>7</b>	<b>4</b>	<b>11</b>	<b>9</b>	<b>13</b>	<b>10</b>	<b>8.7</b>	<b>10</b>
Chicago Bears	7	5	11	13	7	9	7	11	8	8.7	10
New York Giants	4	6	11	8	10	12	8	10	9	8.7	10
Denver Broncos	10	10	13	9	7	8	8	4	8	8.6	13
Tennessee Titans	12	5	4	8	10	13	8	6	9	8.3	14
Seattle Seahawks	10	9	13	9	10	4	5	7	7	8.2	15
Carolina Panthers	11	7	11	8	7	12	8	2	6	8.0	16
Minnesota Vikings	9	8	9	6	8	10	12	6	3	7.9	17
New York Jets	6	10	4	10	4	9	9	11	8	7.9	17
Jacksonville Jaguars	5	9	12	8	11	5	7	8	5	7.8	19
Cincinnati Bengals	8	8	11	8	7	4	10	4	9	7.7	20
Kansas City Chiefs	13	7	10	9	4	2	4	10	7	7.3	21
Tampa Bay Buccaneers	7	5	11	4	9	9	3	10	4	6.9	22
Houston Texans	5	7	2	6	8	8	9	6	10	6.8	23
Miami Dolphins	10	4	9	6	1	11	7	7	6	6.8	23
Arizona Cardinals	4	6	5	5	8	9	10	5	8	6.7	25
San Francisco 49ers	7	2	4	7	5	7	8	6	13	6.6	26
Washington Redskins	5	6	10	5	9	8	4	6	5	6.4	27
Buffalo Bills	6	9	5	7	7	7	6	4	6	6.3	28
St. Louis Rams	12	8	6	8	3	2	1	7	2	5.4	29
Cleveland Browns	5	4	6	4	10	4	5	5	4	5.2	30
Oakland Raiders	4	5	4	2	4	5	5	8	8	5.0	31
Detroit Lions	5	6	5	3	7	0	2	6	10	4.9	32

Source: espn.com.

# III. ATLANTA FALCONS FINANCIAL OVERVIEW

## NFL Announced Attendance

- Announced Figures Illustrated Below are Typically Higher than Actual/Turnstile Attendance

Team	2008		2009		2010		2011		Average	
	Total Att.	Rank	Total Att.	Rank	Total Att.	Rank	Total Att.	Rank	Total Att.	Rank
Washington Redskins	708,835	1	678,352	2	665,380	2	615,368	4	666,984	1
Dallas Cowboys	506,944	24	718,055	1	696,377	1	684,096	1	651,368	2
New York Giants	632,554	2	629,615	3	632,156	3	635,800	2	632,531	3
New York Jets	627,858	3	616,420	4	628,768	4	631,888	3	626,234	4
Denver Broncos	604,074	4	600,928	5	599,264	5	602,618	5	601,721	5
Carolina Panthers	585,684	6	586,314	6	580,965	6	578,342	7	582,826	6
Baltimore Ravens	570,152	8	568,660	7	569,817	7	569,792	10	569,605	7
Houston Texans	563,364	10	564,864	9	568,643	8	571,969	9	567,210	8
Green Bay Packers	565,460	9	565,666	8	566,362	9	564,097	11	565,396	9
Kansas City Chiefs	592,622	5	540,114	19	541,380	16	576,659	8	562,694	10
Philadelphia Eagles	553,152	11	553,152	12	553,152	11	553,152	13	553,152	11
Tennessee Titans	553,144	12	553,144	13	553,144	12	553,144	14	553,144	12
New England Patriots	550,048	13	550,048	15	550,048	13	550,048	16	550,048	13
New Orleans Saints - (1)	490,650	29	560,840	10	560,304	10	584,336	6	549,033	14
Cleveland Browns	582,230	7	551,110	14	528,933	19	526,874	18	547,287	15
<b>Atlanta Falcons</b>	<b>512,527</b>	<b>23</b>	<b>545,389</b>	<b>16</b>	<b>542,800</b>	<b>14</b>	<b>551,892</b>	<b>15</b>	<b>538,152</b>	<b>16</b>
Seattle Seahawks	543,965	15	539,141	20	535,942	17	531,311	17	537,590	17
San Francisco 49ers - (2)	540,103	16	557,856	11	488,124	25	557,856	12	535,985	18
San Diego Chargers	545,107	14	540,345	17	524,241	20	523,143	19	533,209	19
Indianapolis Colts	531,026	17	532,398	21	535,802	18	518,627	20	529,463	20
Miami Dolphins	523,919	18	540,342	18	541,959	15	487,089	27	523,327	21
Pittsburgh Steelers	503,125	26	507,882	24	504,669	21	504,279	22	504,989	22
Arizona Cardinals	512,775	22	505,143	25	502,197	23	489,455	26	502,393	23
Chicago Bears	496,276	28	498,000	26	497,561	24	497,166	25	497,251	24
Minnesota Vikings	506,136	25	510,203	23	470,009	27	502,529	23	497,219	25
Jacksonville Jaguars	521,338	19	397,214	30	504,262	22	498,655	24	480,367	26
Cincinnati Bengals	516,663	20	512,032	22	482,917	26	394,009	32	476,405	27
Buffalo Bills - (3)	499,835	27	490,898	27	442,366	29	438,864	30	467,991	28
St. Louis Rams	479,843	30	441,901	28	423,383	30	451,153	29	449,070	29
Detroit Lions	435,979	32	395,162	31	450,286	28	509,940	21	447,842	30
Tampa Bay Buccaneers - (4)	516,088	21	440,940	29	394,513	31	396,300	31	436,960	31
Oakland Raiders	462,800	31	354,276	32	371,448	32	473,938	28	415,616	32
NFL Total	17,334,276		17,146,404		17,007,172		17,124,389		17,153,060	
NFL Average	541,696		535,825		531,474		535,137		536,033	

Source: ESPN.com

(1) - 2008 attendance excludes one home game played in England.

(2) - 2010 attendance excludes one home game played in England.

(3) - From 2008 to 2011, annual attendance excludes one home game played in Canada.

(4) - 2009 and 2011 attendance exclude one home game played in England.

# III. ATLANTA FALCONS FINANCIAL OVERVIEW

## NFL Team Economics – Team

- Basic Premise of NFL Economic System Dictates Team Owners Share in Pool of NFL Common Revenues and Generate Other Local Revenues Not Subject to League Sharing

### TEAM REVENUES

- Gate Receipts
- Concessions
- Novelties
- Parking
- Naming Rights/Advertising/Sponsors
- Luxury Suite Revenue
- Loge Box Revenue
- Club Seat Revenue
- Other Revenue Sources
  - ✓ NFL League Distribution (Common Revenues)
    - National/International TV
    - National Radio
    - NFL Properties
    - NFL Enterprises
    - NFL Films
  - ✓ Publications/PR/Other

### TEAM EXPENSES

- Rent
- Game Day Expenses
- Stadium Operating Expenses
- Stadium Capital Repairs/Replacement
- Salaries and Wages  
(Players/Coaches/Admin/Staff/Etc.)
- General and Administrative
  - ✓ Team Travel and Related
  - ✓ Team Administration
  - ✓ Marketing/Advertising/Promotion
  - ✓ Public Relations
  - ✓ Broadcasting Expenses
  - ✓ NFL Common Expenses
  - ✓ Other

**TEAM NET  
OPERATING  
INCOME /  
(LOSS)**

*Before Annual Debt Service*

# III. ATLANTA FALCONS FINANCIAL OVERVIEW

## NFL Team Economics – Stadium

- Stadium Deal Structure with Team will Impact Consolidated Net Income

STADIUM REVENUES	STADIUM EXPENSES	STADIUM NET OPERATING INCOME / (LOSS)
<ul style="list-style-type: none"> <li>• Team/Other Event Revenue               <ul style="list-style-type: none"> <li>✓ Rent</li> <li>✓ Concessions</li> <li>✓ Novelties</li> <li>✓ Parking</li> <li>✓ Naming Rights</li> <li>✓ Advertising/Sponsors</li> <li>✓ Premium Seating                   <ul style="list-style-type: none"> <li>○ Luxury Suite Revenue</li> <li>○ Loge Box Revenue</li> <li>○ Club Seat Revenue</li> </ul> </li> <li>✓ Other                   <ul style="list-style-type: none"> <li>○ Convenience Charge Rebates</li> <li>○ Facility Fees</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Game Day/Event Expenses</li> <li>• Stadium Operating Expenses               <ul style="list-style-type: none"> <li>✓ Salaries/Wages</li> <li>✓ Utilities</li> <li>✓ Insurance</li> <li>✓ Marketing</li> <li>✓ Legal/Professional</li> <li>✓ Management Fees (If Any)</li> <li>✓ Repairs and Maintenance</li> <li>✓ General and Administrative</li> <li>✓ Property/Possessory Interest Tax</li> <li>✓ Other</li> </ul> </li> <li>• Stadium Capital Repairs/Replacement</li> </ul>	<p><i>Before Annual Debt Service</i></p>



# III. ATLANTA FALCONS FINANCIAL OVERVIEW

## NFL Labor Overview

- NFL and NFL Players Association (NFLPA) Recently Agreed to New CBA – Followed 130 Day Lockout
  - ✓ 10-Year Agreement Extends Through 2020 Season
  
- Basic Structure of CBA Provides Players Guaranteed Percentage of League Revenues
  - ✓ Annual Guarantee Must Average 47% per Season Over 10-Year Term
  - ✓ Annual Guarantee Must Remain Over 46% per Season
  
- Player Costs are a Function of Certain Revenue Streams
  - ✓ 55% of Projected League Media Revenue
  - ✓ 45% Projected NFL Ventures/Postseason Revenue
  - ✓ 40% of Projected Local Revenue (Certain Local Revenues Related to Stadium Development are Exempt)
  - ✓ 50% of New Business Lines (If Any Developed)
  - ✓ 47.5% of Joint Contribution (Related to Healthcare/Research/NFL Charities) will be Deducted

# III. ATLANTA FALCONS FINANCIAL OVERVIEW

## NFL Labor Overview

- Total Player Costs for the 2011 Season were Set at \$4.6 Billion – \$142.4 Million Per Team
  - ✓ Salary Cap of \$120.4 Million per Team
  - ✓ Player Benefits of \$22.0 Million per Team
  - ✓ Limited Flexibility to Exceed Salary Cap in 2011/2012 with Commensurate Decrease Prorated from 2014 through 2017
  - ✓ Guaranteed Player Costs Subject to Certain Provisions (Bands/Floors/Stadium Credit/Other Adjustments)
  
- Bands Set Maximum Player Costs
  - ✓ From 2012 to 2014, Player Costs Cannot Exceed 48.0% of League Revenues
  - ✓ From 2015 to 2020, Player Costs Cannot Exceed 48.5% of League Revenues
  
- Floors Set Minimum Player Costs
  - ✓ From 2012 to 2013, Player Costs per Team Cannot be Less than \$142.4 Million

# III. ATLANTA FALCONS FINANCIAL OVERVIEW

## NFL Labor Overview

- Application of Stadium Credit (League Approved Projects) – Player Costs Reduction (Subject to Percentage of Player Costs and League Revenue )
  - ✓ 50% of the Private Cost to Construct or Renovate a Stadium Amortized Over 15-Years (Maximum) (75% in California)
  
- Other Adjustments
  - ✓ In the Event that Player Costs in a Given Year Fall Below the Guaranteed Percentage, the Next Salary Cap shall be Increased by a Commensurate Amount Such that the Overall Average of League Years will be No Less than 47%
  
  - ✓ If Such an Adjustment is Made and the Overall Average Exceeds the Minimum at the End of a Subsequent League Year, an Amount May be Recaptured so that the Overall Average is Equal to the Guaranteed Percentage

# III. ATLANTA FALCONS FINANCIAL OVERVIEW

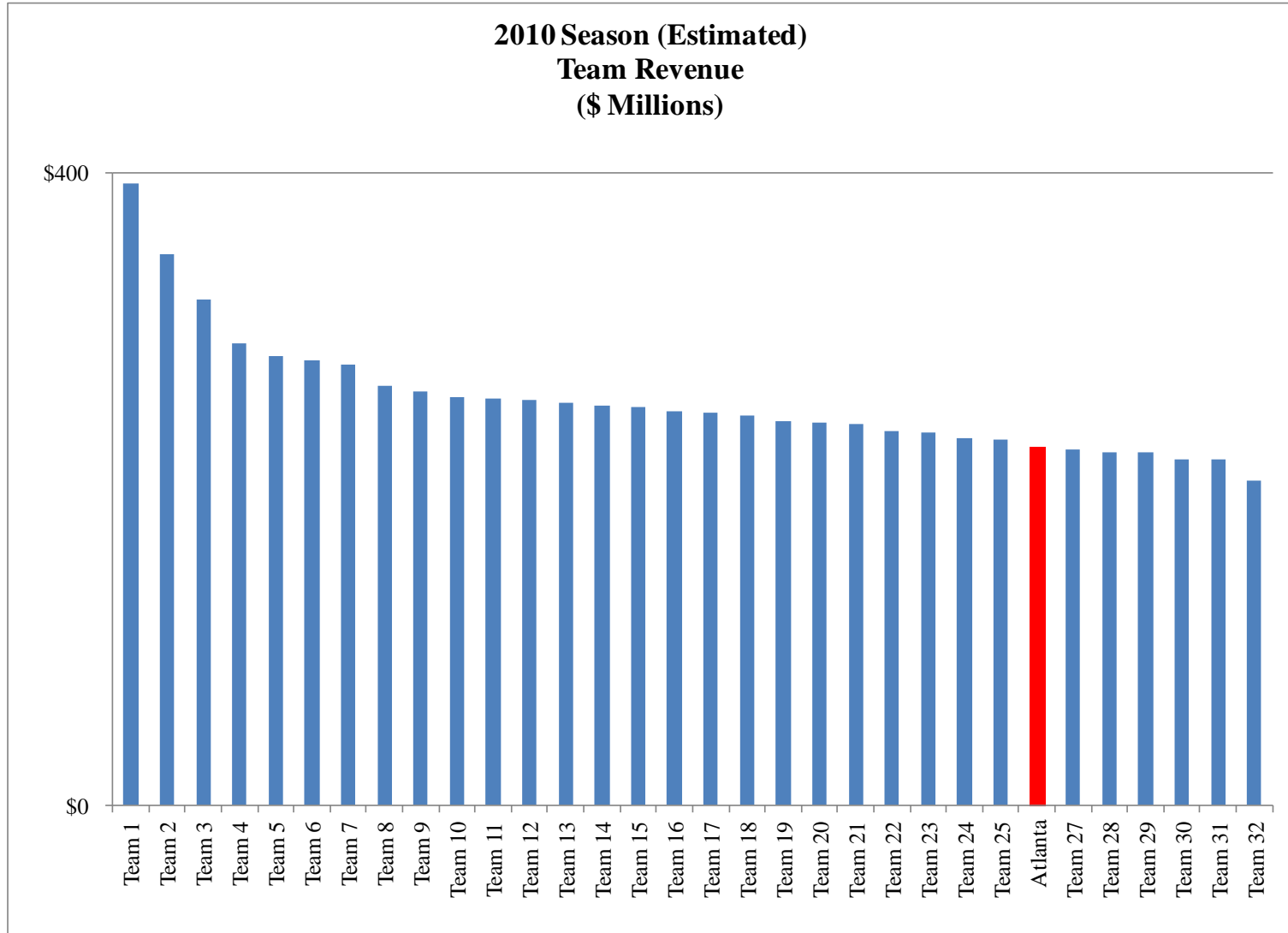
## Estimated NFL Quartile Rankings

- Based on BSG's Estimates
- Teams are Presented in Alphabetical Order within Applicable Quartile
- 2010 NFL Season Did Not Include Supplemental Revenue Sharing (2009 NFL Season Payment Made in 2010)

<b>Quartile Revenue Rankings (2010 Season)</b>	
<b>Quartile 1</b>	<b>Quartile 3</b>
Chicago	Arizona
Dallas	Cincinnati
Houston	Cleveland
New England	Kansas City
New York Giants	San Diego
New York Jets	Seattle
Philadelphia	Tampa Bay
Washington	Tennessee
<b>Quartile 2</b>	<b>Quartile 4</b>
Baltimore	<b>Atlanta</b>
Carolina	Buffalo
Denver	Detroit
Green Bay	Jacksonville
Indianapolis	Minnesota
Miami	Oakland
New Orleans	San Francisco
Pittsburgh	St. Louis

# III. ATLANTA FALCONS FINANCIAL OVERVIEW

## NFL Quartile Rankings (2010 Season Estimated)



# III. ATLANTA FALCONS FINANCIAL OVERVIEW

## Atlanta Falcons Estimated Financial Performance – Summary

- Estimate Prepared Without Significant Input from Falcons
- Estimate Does Not Include One-Time Revenues or Expenses, If Any
- Estimated Does Not Include Contingent Payment for 2011 Season, If Any
- Falcons Hosted One Playoff Game During 2010 Season

<i>(\$000s)</i>		
NFL SEASON	2010	2011
<b>Operating Revenues</b>		
National Revenues - (1)	\$163,300	\$170,000
Local Revenues	\$60,025	\$60,510
<b>Total - Operating Revenues</b>	<b>\$223,325</b>	<b>\$230,510</b>
<b>Operating Expenses</b>		
Player Costs and Benefits	\$135,000	\$142,400
Team Expenses	\$23,000	\$23,200
General and Administrative Expenses	\$15,000	\$15,200
Sales and Marketing Expenses	\$8,000	\$8,100
Other Expenses	\$19,212	\$19,600
<b>Total - Operating Expenses</b>	<b>\$200,212</b>	<b>\$208,500</b>
<b>Estimated EBITDA Before SRS</b>	<b>\$23,113</b>	<b>\$22,010</b>
<b>Supplemental Revenues Sharing</b>	<b>\$0</b>	<b>To be Determined</b>
<b>Estimated EBITDA</b>	<b>\$23,113</b>	<b>\$22,010</b>

(1) - 2010 data from Green Bay Packers financial statements.

# III. ATLANTA FALCONS FINANCIAL OVERVIEW

## Atlanta Falcons Estimated Financial Performance

- Estimate Prepared Without Significant Input from Falcons
- Estimate Does Not Include One-Time Revenues or Expenses, If Any
- Estimated Does Not Include Contingent Payment for 2011 Season, If Any
- Falcons Hosted One Playoff Game During 2010 Season
- Falcons Participate in Concessions/Parking/Etc. Revenue through the Inducement Payments

NFL SEASON	2010	2011
<b>Operating Revenues</b>		
National Revenues - (1)		
Television	\$96,500	\$101,000
Road Game Share	\$16,700	\$17,000
Other NFL Revenues	\$50,100	\$52,000
Total - National Revenues	\$163,300	\$170,000
Local Revenues		
Ticket Revenues - Home Games (Net)	\$29,452	\$31,680
Marketing/Sponsorship/Other	\$10,000	\$10,200
Commissions - Advertising	\$2,150	\$2,244
Commissions - Premium Seating	\$4,245	\$4,386
Local TV and Radio	\$5,500	\$5,600
Concessions/Parking/Etc.	Inducements	Inducements
Programs/Merchandise/Etc.	\$600	\$600
Inducement Payment - Base	\$4,000	\$4,000
Inducement Payment - Contingent	\$2,328	To be Determined
Other	\$1,750	\$1,800
Total - Local Revenues	\$60,025	\$60,510
<b>Total - Operating Revenues</b>	<b>\$223,325</b>	<b>\$230,510</b>
<b>Operating Expenses</b>		
Player Costs and Benefits	\$135,000	\$142,400
Team Expenses	\$23,000	\$23,200
General and Administrative Expenses	\$15,000	\$15,200
Sales and Marketing Expenses	\$8,000	\$8,100
Stadium Rental	\$4,462	\$4,800
Stadium Expenses	\$3,000	\$3,000
Public Relations	\$2,000	\$2,000
Common Expenses	\$6,750	\$6,800
Other	\$3,000	\$3,000
<b>Total - Operating Expenses</b>	<b>\$200,212</b>	<b>\$208,500</b>
<b>Estimated EBITDA Before SRS</b>	<b>\$23,113</b>	<b>\$22,010</b>
<b>Supplemental Revenues Sharing</b>	<b>\$0</b>	<b>To be Determined</b>
<b>Estimated EBITDA</b>	<b>\$23,113</b>	<b>\$22,010</b>

# **IV. PROPOSED STADIUM – FINANCIAL ANALYSIS**





# IV. PROPOSED STADIUM – FINANCIAL ANALYSIS

## Financial Analysis

- BSG Evaluated the Potential Financial and Operating Characteristics of a New Open-Air Stadium on the GWCC Campus – Particular Emphasis on Falcons Net Incremental Revenue
- Limited Scope Analysis – Market and Financial Feasibility Analysis Not Completed
- BSG has Made Significant Assumptions Related to the Potential Operating Revenues and Expenses Based on Review of Falcons (as Available) and Georgia Dome Historical Performance, Review of “Comparable” Facilities, and Industry Experience
- Consideration has been Given to the Following
  - ✓ Market Demographics
  - ✓ Number of Professional and Collegiate Sports Teams
  - ✓ Other Entertainment Alternatives
  - ✓ Competitive Facilities (**Georgia Dome**)
  - ✓ Tenant/Event Mix
  - ✓ Cost of Living
  - ✓ Climate
  - ✓ Other

# IV. PROPOSED STADIUM – FINANCIAL ANALYSIS

## Financial Analysis

- BSG has Assumed the Following Stadium Characteristics Based on the Georgia Dome Master Plan Phase III Report
  - ✓ Open-Air Stadium
  - ✓ 65,454 Seating Capacity
  - ✓ 10,000 Additional Temporary Seats
  - ✓ 111 Luxury Suites (Included in Seating Capacity)
    - 80 Suites with 16 Seats
    - 20 Suites with 24 Seats
    - 4 Suites with 32 Seats
    - 4 Suites with 50 Seats
    - 2 Party Suites with 100 Seats
    - 1 Owner Suite with 50 Seats
    - Ability to Expand Another 1,250 Suite Seats
  - ✓ 7,500 Club Seats (Included in Seating Capacity)

# IV. PROPOSED STADIUM – FINANCIAL ANALYSIS

## Potential Deal Structure

- For Analytical Purposes, Proposed Stadium Lease Structure is Illustrated Below

Owner Operator/Manager	AUTHORITY ATLANTA FALCONS	
Lease Terms	Amount Paid by Team	
Rent	To be Determined	
Ticket Sales Tax	8.00%	
Ticket Surcharge	0.00%	
	Stadium Share	Team Share
Ticket Revenue (Falcons)	0.0%	100.0%
Luxury Suite - Ticket Component	0.0%	100.0%
Luxury Suite - Premium	0.0%	100.0%
Loge Box - Ticket Component	0.0%	100.0%
Loge Box - Premium	0.0%	100.0%
Club Seat - Ticket Component	0.0%	100.0%
Club Seat - Premium	0.0%	100.0%
Advertising - Fixed Signage	0.0%	100.0%
Advertising - NFL Only Signage	0.0%	100.0%
Naming Rights	0.0%	100.0%
Concessions	0.0%	100.0%
Novelties	0.0%	100.0%
Parking	0.0%	100.0%
Other Event Revenue (Non-Falcons)	0.0%	100.0%
Game Day Operating Expenses	0.0%	100.0%
Annual Operating Expenses	0.0%	100.0%
Property Taxes	NA	NA
Capital Improvements/Maintenance	To be Determined	To be Determined

## **IV. PROPOSED STADIUM – FINANCIAL ANALYSIS**

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### **A. PROPOSED STADIUM – REVENUE ASSUMPTIONS**

# A. PROPOSED STADIUM – REVENUE ASSUMPTIONS

## Event Mix

- Presented Below is the Assumed Event Mix
- Potential Types of Events Include
  - ✓ Sporting Events
  - ✓ Tournaments
  - ✓ Concerts
  - ✓ Rodeo
  - ✓ Thrill/Dirt Shows
  - ✓ Meetings/Banquets/Conferences
  - ✓ Other
- No Non-Compete Agreement Assumed – We have Assumed Georgia Dome will Continue to Operate and Retain High Profile Collegiate Events

	Events
Atlanta Falcons	
Regular Season	8
Pre-Season	2
Post Season	0
Sub-Total	10
Atlanta MLS	
Regular Season	17
Exhibition	1
Post Season	0
Sub-Total	18
College Football	1
Other Football	1
Concerts	1
Thrill/Dirt Shows	1
Miscellaneous	5
<b>Total</b>	<b>37</b>

# A. PROPOSED STADIUM – REVENUE ASSUMPTIONS

## Attendance

- Assumed Attendance by Event is Illustrated Below
- Attendance at the Comparables Vary Significantly Due to a Variety of Factors Including: Tenant Mix; Market Competition; Age; Amenities; Accounting/Reporting Policies etc.
- We Have Assumed Total Paid Attendance of Approximately 1.1 Million (Turnstile Attendance of 1.1 Million)

	Paid Attendance Average	Paid Attendance Total
Atlanta Falcons	64,600	645,900
Atlanta MLS	17,800	321,000
College Football	40,000	40,000
Other Football	25,000	25,000
Concerts	50,000	50,000
Thrill/Dirt Shows	35,000	35,000
Miscellaneous	5,000	25,000
<b>Total</b>		<b>1,141,900</b>

Note: Average and totals are rounded.

# A. PROPOSED STADIUM – REVENUE ASSUMPTIONS

## Ticket Revenues

- Factors that Impact Ticket Prices Include, Among Others: Market Demand, Entertainment Alternatives, Income Levels, Team Performance, etc.
- Historical Falcons Ticket Revenue (Net of Sales Tax) is Illustrated Below

<b>Atlanta Falcons - Pre-Season and Regular Season</b>			
<b>Season</b>	<b>Ticket Revenue</b>	<b>Paid Attendance</b>	<b>Average Ticket Price</b>
<b>2009</b>	\$42,027,383	655,832	\$64.08
<b>2010</b>	\$44,252,370	654,380	\$67.62
<b>2011</b>	\$47,584,673	649,483	\$73.27
<b>Average</b>	\$44,621,475	653,232	\$68.32

Source: Georgia Dome.

- For Analytical Purposes, We have Assumed Falcons Tickets would Increase to \$87.50 (Net of Sales Tax) per Game – Approximately 19% Increase from 2011 Season
- For Analytical Purposes, We have Assumed Annual Ticket Revenues of \$56.5 Million as Compared to \$47.6 Million Currently (Before Visiting Team Share/Net of Sales Tax)

# A. PROPOSED STADIUM – REVENUE ASSUMPTIONS

## Advertising Revenues

- Advertising Revenues are Generally Derived from the Following Sources
  - ✓ Display Advertising: Signage Throughout the Concourses, Concession Stands, and Other Common Areas in the Building
  - ✓ Scoreboard Advertising: Fixed Signage, Electronic Advertising on the Scoreboard, and Video Message Boards
- It is Important to Note that Direct Comparison of Advertising Revenue is Difficult
  - ✓ Trade and Barter Arrangements
  - ✓ Revenue Sharing
  - ✓ Gross Advertising vs Net Advertising
  - ✓ Overall Sponsorship Revenues
- For Analytical Purposes, We have Assumed Annual Advertising Revenues of \$9.0 Million (Not Including Team Only Sponsorship/Marketing Revenue) as Compared to \$6.1 Million Currently
  - ✓ Falcons Received \$2.2 Million from Advertising Commissions for the 2011 Season
- Prominent and Well Integrated Signage and Sponsorships Could Cause the Advertising Revenue Assumption to be Higher



# A. PROPOSED STADIUM – REVENUE ASSUMPTIONS

## Naming Rights Revenues

- Many Sports Facilities have Licensed the Name of the Facility to Major Corporations or Individual Donors
- Often Difficult to Gather Complete Information Regarding Naming Rights (“Arms-Length Transactions”)
- Historically, Publicly Owned Stadium and Arenas Named After City, County, or to Memorialize Significant Individual or Group
- Selling Naming Rights of Publicly Owned Facility to an Unrelated Corporation can be Considered a Major Political Issue (Commercialization of Sports)
- Selling of Naming Rights Represents Significant Source of Revenue
- Naming Rights Fees Typically Paid on Annual Basis, but have been Paid as Upfront Contribution to Reduce Debt
- Sale of Naming Rights Represents Significant Source of Contractually Obligated Income
- Naming Rights Income can Potentially Offset a Portion of Costs Normally Incurred by Taxpayers to Finance Facility

# A. PROPOSED STADIUM – REVENUE ASSUMPTIONS

## Naming Rights Revenues (Continued)

- Value of Naming Rights Transaction can Often be Misunderstood and Misrepresented
  - ✓ Reported in Generic Terms
  
- Naming Rights have been Sold to a Variety of Corporations (in Addition to Individuals) in the Following Industries
  - ✓ Financial Services
  - ✓ Insurance
  - ✓ Beverage
  - ✓ Retail
  - ✓ Computer
  - ✓ Media
  - ✓ Airline
  - ✓ Automobile
  - ✓ Consumer Product
  - ✓ Communications
  - ✓ Other

# A. PROPOSED STADIUM – REVENUE ASSUMPTIONS

## Naming Rights Revenues (Continued)

- Variety of Factors to Consider in Valuing and Comparing Naming Rights Deals from Purchaser and Seller Perspectives
  - ✓ Regional/National/International Media Exposure
  - ✓ Market Size and Demographic Profile
  - ✓ Number and Profile of Major Tenants
  - ✓ Number and Type of Facility Events
  - ✓ Facility Attendance
  - ✓ Facility Location/Visibility
  - ✓ Location of Naming Rights Signage
  - ✓ Deal Structure and Other Amenities
  
- Value of Naming Rights to Purchaser is a Function of Following Factors
  - ✓ Number of Impressions/Exposures
  - ✓ Brand Exclusivity
  - ✓ Public Relations/Community Image
  - ✓ Sponsorship/Cross Promotion Opportunities
  - ✓ Tax Deductible Expense (as applicable)
  - ✓ Other

# A. PROPOSED STADIUM – REVENUE ASSUMPTIONS

## Naming Rights Revenues (Continued)

- Naming Rights Deals Are Often Reported in Simple Generic Terms (Ranked by Total Value) and are Often Overstated in Terms of Present Value and Annual Payment Amount.
- For Analytical Purposes, We have Assumed Annual Naming Rights Advertising Revenues of \$5.5 Million, Plus 3.0% Escalation for 20 Years (Total Value of \$147.8 Million – \$7.4 Million/Year )

Team	Stadium	City	Sponsor	Reported		Expiration Year
				Total Value (\$Millions)	Avg. Annual Value Term	
<b>Existing Agreements</b>						
New York Jets/Giants (1)	MetLife Stadium	East Rutherford, NJ	Metropolitan Life Ins. Co.	\$400.0	20	2030
Houston Texans (2)	Reliant Stadium	Houston, TX	Reliant Energy	\$300.0	30	2032
New England Patriots (3)	Gillette Stadium	Foxborough, MA	Global Gillette	\$240.0	30	2031
Washington Redskins	FedEx Field	Landover, MD	FedEx Corp.	\$205.0	27	2025
Arizona Cardinals	University of Phoenix Stadium	Glendale, AZ	Apollo Group Inc.	\$154.5	20	2025
Carolina Panthers	Bank of America Stadium	Charlotte, NC	Bank of America	\$140.0	20	2023
Philadelphia Eagles	Lincoln Financial Field	Philadelphia, PA	Lincoln National Corp.	\$139.6	20	2022
Indianapolis Colts	Lucas Oil Stadium	Indianapolis, IN	Lucas Oil Products	\$121.5	20	2027
Denver Broncos	Sports Authority Field at Mile High	Denver, CO	Sports Authority, Inc.	\$120.0	20	2021
New Orleans Saints	Mercedes-Benz Superdome	New Orleans, LA	Mercedes-Benz	\$60.0	10	2021
Baltimore Ravens	M&T Bank Stadium	Baltimore, MD	M&T Bank	\$75.0	15	2017
Seattle Seahawks (4)	CenturyLink Field	Seattle, WA	CenturyLink	\$75.0	10	2014
Pittsburgh Steelers	Heinz Field	Pittsburgh, PA	H.J. Heinz Co.	\$57.0	20	2021
Detroit Lions	Ford Field	Detroit, MI	Ford Motor Co.	\$56.6	25	2026
Tampa Bay Buccaneers	Raymond James Stadium	Tampa Bay, FL	Raymond James Financial	\$45.6	18	2016
Miami Dolphins	Sun Life Stadium	Miami, FL	Sun Life Financial	\$37.5	5	2015
St. Louis Rams	Edward Jones Dome	St. Louis, MO	Jones Financial Cos.	\$31.8	12	2012
Tennessee Titans	LP Field	Nashville, TN	Louisiana-Pacific	\$30.0	10	2016
San Diego Chargers	Qualcomm Stadium	San Diego, CA	Qualcomm Inc.	\$18.0	20	2017
Jacksonville Jaguars	EverBank Field	Jacksonville, FL	EverBank	\$16.6	5	2014
Oakland Raiders	O.co Coliseum	Oakland, CA	Overstock.com	\$7.2	6	2016
<b>Average</b>				<b>\$111.0</b>	<b>17</b>	<b>\$5.9</b>
<b>Proposed Agreements</b>						
Los Angeles Franchise	Farmers Field (AEG)	Los Angeles, CA	Farmers Insurance	\$700.0	30	\$23.3 NA

Source: Sports Business Research Guide & Fact Book 2011 and industry research.

(1) - Terms based on published reports. Total and annual contract values reflect combined proceeds to Jets and Giants.

(2) - Reliant Energy Inc. reportedly to pay \$300.0 million over 30 years for the rights to the entire Astrodome Complex, including Reliant Stadium, Reliant Arena, and the Astrodome.

(3) - Represents 15-year extension to the original 15-year agreement executed with Global Gillette in 2002.

(4) - CenturyLink acquired stadium naming rights via acquisition of Qwest Communications. Initial term has been extended to 2019 via an existing option.

# A. PROPOSED STADIUM – REVENUE ASSUMPTIONS

## Luxury Suite Revenue

- Luxury Suite Prices Vary Considerably Based on Numerous Factors, Including: Tenant Mix; Age of Facility; Market; Corporate Base; Premium Seat Demand; Amenities; etc.
- Approximately 60% of the Georgia Dome Inventory of Luxury Suites were Occupied in the 2011 Season

Luxury Suites	Season				
	2007	2008	2009	2010	2011
Inventory	164	164	164	164	164
Advertisers	4	4	2	2	3
Authority	1	1	1	1	1
Licensed	117	99	104	100.5	98.5
Licensed - Occupancy	71.3%	60.4%	63.4%	61.3%	60.1%
Game Day	19	21	21	23	23

Source: Georgia Dome.

- We have Assumed Approximately \$12.2 Million Gross Luxury Suite Revenue as Compared to \$9.3 Million Currently Generated at the Georgia Dome
- Assumption Based on Total Inventory of 111 Luxury Suites (Including Game Day (2) and Owner's Suite), 90% Occupancy, and Average Luxury Suite Price of Approximately \$125,000, Including Season Tickets and Parking, as Compared to the Falcons Current Average Luxury Suite Price of Approximately \$95,000

# A. PROPOSED STADIUM – REVENUE ASSUMPTIONS

## Club Seat Revenue

- Club Seat Prices Vary Considerably Based on Numerous Factors, Including: Age of Facility; Market; Corporate Base; High Net-Worth Individuals; Premium Seat Demand; Amenities; etc.
- Approximately 55% of the Georgia Dome Inventory of Club Seats were Occupied in the 2011 Season

Club Seats	Season				
	2007	2008	2009	2010	2011
Inventory	4,604	4,604	5,740	5,740	5,740
Advertisers	20	20	16	16	44
Licensed	3,834	3,331	3,061	3,062	3,176
Licensed - Occupancy	83.3%	72.4%	53.3%	53.3%	55.3%
Game Day	250	250	250	250	250

Source: Georgia Dome.

- We have Assumed Approximately \$21.9 Million Gross Club Seat Revenue (\$15.2 Million Net/\$10.3 Million Net Not Including Club Seat Premium Waiver), as Compared to \$8.2 Million Currently Generated at the Georgia Dome
- Assumption Based Total Club Seat Inventory of 7,500, 90% Occupancy, and Average Club Seat Price of \$3,250, Including Season Ticket and Partial Parking, as Compared to the Falcons Current Average Club Seat Price of Approximately \$2,600

# A. PROPOSED STADIUM – REVENUE ASSUMPTIONS

- NFL Premium Seating Statistics are Illustrated Below
- Association of Luxury Suite Directors (ALSD) Statistics May Differ Somewhat From the Actual Performance of Certain Facilities and have been Provided for Illustrative Purposes Only

Team	Stadium	# of Suites	Seats/Suite	Price	% Sold	Lease Terms	Tickets Included	Parking Included	Escalation
Arizona Cardinals	University of Phoenix Stadium	88	16-21	\$70,000-\$170,000	90%	3, 5, 7 Years	Yes	Yes	3%, 5% or 7%
Atlanta Falcons	Georgia Dome	164	18-28	\$45,000-\$180,000	65%	1, 3, 5 Years	Yes	No	3%, 5% or 9%
Baltimore Ravens	M&T Bank Stadium	119	21	\$55,000-\$200,000	100%	5, 7 Years	Yes	No	Varies
Buffalo Bills	Ralph Wilson Stadium	130	N/A	\$28,400-\$197,600	62%	1-5 Years	No	N/A	3%-5%
Carolina Panthers	Bank of America Stadium	158	10-16	\$59,000-\$315,000	85%	6, 9, 12 Years	Yes	No	4%
Chicago Bears	Soldier Field	133	2732	\$90,000-\$330,000	100%	4, 5, 7, 10 Years	Yes	Yes	4%-6%
Cincinnati Bengals	Paul Brown Stadium	126	12-20	\$76,000-\$170,000	93%	5 Years	Yes	Yes	3%-5%
Cleveland Browns	Cleveland Browns Stadium	145	2275	\$30,000-\$125,000	80%	3, 5, 7, 10 Years	No	No	Varies
Dallas Cowboys	Cowboys Stadium	300	16-25	\$100,000-\$500,000	N/A	20 Years	No	No	N/A
Denver Broncos	Sports Authority Field at Mile High	115	14-20	\$100,000-\$160,000	80%	2, 4, 6 Years	Yes	Yes	CPI
Detroit Lions	Ford Field	129	4461	Varies	43%	1, 3, 5 Years	Yes	Yes	N/A
Green Bay Packers	Lambeau Field	166	16-24	\$68,000-\$154,000	92%	3, 5 Years	No	Yes	3.50%
Houston Texans	Reliant Stadium	193	Varies	\$50,000-\$278,000	91%	6, 8, 10 Years	Yes	Yes	4%-8%
Indianapolis Colts	Lucas Oil Stadium	137	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jacksonville Jaguars	EverBank Field	90	6-32	\$50,000-\$145,000	80%	3+ Years	Yes	Yes	Varies
Kansas City Chiefs	Arrowhead Stadium	125	8-38	\$49,000-\$377,000	N/A	3, 5, 7 Years	No	No	4%-6%
Miami Dolphins	Sun Life Stadium	195	10-42	\$77,000-\$750,000	N/A	3, 5, 7 Years	Yes	Yes	3.50%
Minnesota Vikings	The Metrodome	80	12-16	\$60,000 - \$160,000	N/A	2 Years	Yes	Yes	4.00%
New England Patriots	Gillette Stadium	87	N/A	\$85,000-\$505,000	100%	10 Years	Yes	Yes	Varies
New Orleans Saints	Mercedes-Benz Superdome	153	15-40	\$55,000-\$184,000	91%	3, 5, 7 Years	No	Yes	Varies
New York Giants	MetLife Stadium	218	23-24	N/A	N/A	N/A	N/A	Yes	N/A
New York Jets	MetLife Stadium	212	N/A	N/A	N/A	3, 5, 7, 10, 12, 15 Years	Varies	Yes	3%-5%
Oakland Raiders	O.co Coliseum	143	12-24	\$40,000-\$150,000	N/A	N/A	N/A	Yes	N/A
Philadelphia Eagles	Lincoln Financial Field	172	14-40	\$90,000-\$300,000	N/A	5, 7, 10 Years	Yes	Yes	N/A
Pittsburgh Steelers	Heinz Field	129	6-18	\$55,000-\$150,000	100%	6, 10 Years	Yes	No	N/A
San Diego Chargers	Qualcomm Stadium	113	7-36	\$60,000-\$180,000	N/A	2+ Years	Yes	Yes	Varies
San Francisco 49ers	Candlestick Park	94	8-27	\$55,000-\$150,000	85%	2, 3, 4 Years	Yes	Yes	N/A
Seattle Seahawks	CenturyLink Field	113	12-36	\$65,000-\$250,000	90%	3, 5, 9 Years	Yes	Yes	Varies
St. Louis Rams	Edward Jones Dome	121	15-54	\$65,000-\$160,000	80%	Varies	Yes	No	3%, 5%, 7%
Tampa Bay Buccaneers	Raymond James Stadium	195	2988	NA	100%	10 Years	Yes	Yes	CPI + 1 %
Tennessee Titans	LP Field	172	16-22	\$55,000-\$128,000	97%	Varies	Yes	Yes	Varies
Washington Redskins	FedEx Field	280	10-16	\$90,000-\$250,000	95%	5, 7, 10 Years	N/A	Yes	N/A

Source: ALSD 2010-11.

# A. PROPOSED STADIUM – REVENUE ASSUMPTIONS

- NFL Premium Seating Statistics are Illustrated Below
- Association of Luxury Suite Directors (ALSD) Statistics May Differ Somewhat From the Actual Performance of Certain Facilities and have been Provided for Illustrative Purposes Only

Team	Stadium	# of Club		Lease terms	Price	Tickets	Parking
		Seats	% Sold			Included	Included
Arizona Cardinals	University of Phoenix Stadium	7,500	85%	3, 5 Years	\$1,600-\$4,200	N/A	Yes
Atlanta Falcons	Georgia Dome	5,704	50%	1, 3, 5 Years	\$1,768-\$3,016	No	No
Baltimore Ravens	M&T Bank Stadium	8,196	99%	3, 5, 7 Years	\$1,080-\$2,980	Yes	No
Buffalo Bills	Ralph Wilson Stadium	6,878	92%	3, 5 Years	\$1,050-\$2,550	Yes	No
Carolina Panthers	Bank of America Stadium	11,300	100%	6, 9, 12 Years	\$1,220- \$3,341	No	Yes
Chicago Bears	Soldier Field	8,500	100%	N/A	\$2,550-\$3,650	Yes	No
Cincinnati Bengals	Paul Brown Stadium	7,600	90%	3 Years	\$1,350 - \$2,700	Yes	No
Cleveland Browns	Cleveland Browns Stadium	8,754	N/A	N/A	\$1,260-\$2,800	No	No
Dallas Cowboys	Cowboys Stadium	N/A	N/A	N/A	N/A	N/A	N/A
Denver Broncos	Sports Authority Field at Mile High	7,345	77%	2, 5 Years	\$1,800-\$3,400	Yes	Varies
Detroit Lions	Ford Field	7,312	24%	Annual	\$1,000-\$2,000	N/A	No
Green Bay Packers	Lambeau Field	6,100	97%	3, 5 Years	\$2,120-\$3,040	Yes	No
Houston Texans	Reliant Stadium	8,400	95%	5, 7, 10 Years	\$3,740-\$5,110	No	Yes
Indianapolis Colts	Lucas Oil Stadium	N/A	N/A	N/A	N/A	N/A	N/A
Jacksonville Jaguars	EverBank Field	11,228	N/A	1-3 Years	\$1,325-\$2,400	No	No
Kansas City Chiefs	Arrowhead Stadium	7,468	64%	3, 5 Years	\$1,960-\$2,630	Yes	No
Miami Dolphins	Sun Life Stadium	10,200	N/A	1, 2, 3 Years	\$1,200-\$6,300	Yes	No
Minnesota Vikings	The Metrodome	243	41%	1, 3 Years	\$4,500-\$4,800	Yes	Varies
New England Patriots	Gillette Stadium	6,000	N/A	10 Years	\$3,750-\$6,000	Yes	Yes
New Orleans Saints	Mercedes-Benz Superdome	8,445	100%	Annual	\$1,300-\$2,400	N/A	No
New York Giants	MetLife Stadium	9,500	N/A	N/A	N/A	N/A	N/A
New York Jets	MetLife Stadium	9500	N/A	N/A	N/A	No	Varies
Oakland Raiders	O.co Coliseum	6,000	N/A	N/A	\$1,360-\$1,510	N/A	No
Philadelphia Eagles	Lincoln Financial Field	8,155	N/A	6, 7, 9 Years	\$1,500-\$3,500	Yes	No
Pittsburgh Steelers	Heinz Field	8,783	100%	N/A	\$1,850-\$2,520	No	No
San Diego Chargers	Qualcomm Stadium	7,800	N/A	1, 3 Years	\$1,400-\$2,950	Yes	No
San Francisco 49ers	Candlestick Park	NA	N/A	N/A	N/A	N/A	N/A
Seattle Seahawks	CenturyLink Field	7,000	N/A	Annual	N/A	Yes	Yes
St. Louis Rams	Edward Jones Dome	6,000	75%	1, 2, 4, 6 Years	\$1,250-\$2,750	No	No
Tampa Bay Buccaneers	Raymond James Stadium	NA	100%	10 Years	\$1,144-\$5,365	Yes	No
Tennessee Titans	LP Field	12,000	98%	N/A	\$850-\$2,550	No	No
Washington Redskins	FedEx Field	15,000	95%	6, 10 Years	\$2,100-\$3,500	Yes	No

Source: ALSD 2010-11.



# A. PROPOSED STADIUM – REVENUE ASSUMPTIONS

## Concessions Revenue

- Concession Spending is Typically Higher at Newer Facilities than Older Facilities Due to Increased Number of Points-of-Sale and Improved Locations
- Historical Falcons Per Capitas are Illustrated Below

<b>Atlanta Falcons - Pre-Season and Regular Season</b>					
			<b>Gross</b>		<b>Net</b>
<b>Season</b>	<b>Turnstile Attendance</b>	<b>Gross Concessions</b>	<b>Concession Per Capitas</b>	<b>Net Concessions</b>	<b>Concession Per Capitas</b>
<b>2009</b>	577,765	\$6,783,002	\$11.74	\$3,051,881	\$5.28
<b>2010 - (1)</b>	646,816	\$8,298,163	\$12.83	\$4,181,171	\$6.46
<b>2011</b>	574,558	\$6,870,325	\$11.96	\$3,051,250	\$5.31
<b>Average</b>	599,713	\$7,317,163	\$12.18	\$3,428,101	\$5.69

Source: Georgia Dome.

(1) - Includes one post season game.

- For Analytical Purposes, We have Assumed Falcons Concessions Per Capitas would Increase to \$17.50 (Gross) – Weighted Average Includes Premium Seating and General Seating
- We have Assumed Approximately \$10.3 Million Gross Concessions Revenue for the Falcons as Compared to \$7.1 Million Currently

# A. PROPOSED STADIUM – REVENUE ASSUMPTIONS

## Novelties Revenue

- Novelties Revenues are Typically Retained by Tenant or Act (Falcons Currently Retain 100% of Novelties). Facility Occasionally Receives Nominal Share of Novelties Revenues.
- For Analytical Purposes, We have Assumed Falcons Novelties Per Capita would be \$3.00 (Gross)

## Parking Revenue

- For Analytical Purposes, We have Assumed Falcons would have Access and Control of Authority Parking for Game Days
- Approximately 5,500 Parking Spaces are Available on Authority Campus
- Accounting for the Premium Seating Parking, Limited Parking would be Available for General Ticket Holders

# A. PROPOSED STADIUM – REVENUE ASSUMPTIONS

## Other Revenue

➤ Falcons would Continue to Generate Non-Stadium Related Revenues

✓ National Revenues

- NFL Television
- Road Game Share
- Other NFL Revenues

✓ Local Media

- Team Sponsorship
- Local Media
- Other

## **IV. PROPOSED STADIUM – FINANCIAL ANALYSIS**

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### **B. PROPOSED STADIUM – EXPENSE ASSUMPTIONS**

**(Benchmarking Analysis Not Completed)**

## **B. PROPOSED STADIUM – EXPENSE ASSUMPTIONS**

### **Staffing Expense**

- Staffing Expenses Vary Considerably Due to Several Factors, Including: Local Wage Levels; Event Mix/Schedules; Accounting Policies/Procedures; Overhead Allocations; Contract Labor Policies; and Reimbursement Policies for Game/Event Related Staffing Expenses
- For Analytical Purposes, We have Assumed Annual Staffing Expenses Would be Approximately \$3.9 Million, Including Benefits

### **Utilities Expense**

- Utilities Expense Vary Considerably Due to Several Factors, Including: Event Mix/Schedules and Local Climate, etc.
- For Analytical Purposes, We have Assumed Utilities Would be Approximately \$2.0 Million Annually

### **Repairs and Maintenance Expense**

- Repairs and Maintenance Expense Vary Due to a Number of Factors, Including: Age and Condition of Facility; Accounting Policies/Procedures; etc.
- For Analytical Purposes, We have Assumed Repairs and Maintenance Expenses Would be Approximately \$1.0 Million Annually

## **B. PROPOSED STADIUM – EXPENSE ASSUMPTIONS**

### **Insurance**

- Insurance Typically Reflects an Important Expense for Operations
  - ✓ Tenants May Share in Insurance Expenses or Facility Covered by Municipality Umbrella Policy
  - ✓ Events of 9/11 have Caused Insurance Costs to Increase Significantly
- For Analytical Purposes, We have Assumed Insurance Would be Approximately \$500,000 Annually (To Be Confirmed)

### **Management Fee Expense**

- Some Facilities Hire an Outside Manager for Management of Facility
- Management Fee Typically Consists of Base Fee and Incentive Fee
- We have Not Assumed a Management Fee

## **B. PROPOSED STADIUM – EXPENSE ASSUMPTIONS**

### **Other Expenses**

- Supplies
- Equipment Rental
- Promotions/Marketing
- General and Administrative Expenses
- Security Expenses
- Other Operating Expenses

## **B. PROPOSED STADIUM – EXPENSE ASSUMPTIONS**

### **Total Operating Expenses**

- For Analytical Purposes, We have Assumed Total Operating Expenses of \$13.65 Million
  - ✓ Includes Game Day/Event Day Expenses
  - ✓ Excludes Capital Reserve



## **B. PROPOSED STADIUM – EXPENSE ASSUMPTIONS**

### **Other Miscellaneous Expenses**

- Concession Expenses
  - ✓ Concessions Assumed to be Managed and Subject to Cost of Goods Sold (COGS), Concession Operating Expenses, and Profit Margin (Collectively “Expenses”)
  - ✓ Total Concession Expenses Assumed to be 60.0% of Gross Concession Sales on Weighted Average Basis
  
- Novelty Expenses
  - ✓ Novelties Assumed to be Managed by Concessionaire, Tenant, or Other Third Party
  - ✓ Novelties Assumed to be Managed and Subject to Cost of Goods Sold (COGS), Operating Expenses, and Profit Margin (Collectively “Expenses”)
  - ✓ Total Novelty Expenses Assumed to be 80.0% of Gross Novelty Sales on Weighted Average Basis
  
- Parking Expenses (Not Included)
  - ✓ Parking Expenses Assumed to be 25.0% of Gross Parking Revenues

## **B. PROPOSED STADIUM – EXPENSE ASSUMPTIONS**

### **Other Miscellaneous Expenses**

- Game Day Expenses
  - ✓ Event Set-Up/Tear Down, Staffing, Ticket Takers, Security, Clean-Up, etc.
  - ✓ Significant Portion, or All, of Game Day Expense are Often Reimbursed by Event/Tenant
- Property Taxes
  - ✓ No Property Taxes have been Assumed
- Capital Replacement Reserve
  - ✓ To Be Determined

## **B. PROPOSED STADIUM – EXPENSE ASSUMPTIONS**

### **Other Team Expenses**

- Falcons would Continue to Accrue Non-Stadium Related Expenses
  - ✓ Player Costs
  - ✓ Team Expenses
  - ✓ General and Administrative Expenses
  - ✓ Sales and Marketing Expenses
  - ✓ Public Relations
  - ✓ NFL Common Expenses

# **IV. PROPOSED STADIUM – FINANCIAL ANALYSIS**

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## **C. CASH FLOW SUMMARY**

# C. CASH FLOW SUMMARY

## Cash Flow Summary – New Stadium Scenario

(Team – Generally Following NFL Conforming Statement Guidelines)

- Analysis Does Not Include Assumptions Related to Stadium Rent, and Capital Replacement/Reserves and Other Non-Operating Revenues/Expenses
- Although Assumptions Appear Reasonable Based on Current and Anticipated Market Conditions, Actual Results Depend on Actions of Stadium Owner, Management, Tenants, and Other Factors Both Internal and External to Project, which Frequently Vary
- It is Important to Note that Because Events and Circumstances May Not Occur as Expected, there May be Significant Differences Between Actual Results and those Estimated in this Analysis, and those Differences May Be Material

(\$000s)	2011 (E)
Local Revenues	
Net Ticket Revenue	\$37,300
Net Concessions Revenue	\$4,103
Net Novelties/Program Revenue	\$812
Net Parking Revenue	\$66
Net Luxury Suite Premium	\$10,633
Net Club Seat Premium	\$10,269
Net Marketing/Sponsorship/Other	\$14,000
Net Naming Rights Revenue	\$5,500
Local Media	\$5,600
Other	\$7,200
Subtotal - Local Revenue	\$95,483
National Revenue	
Television	\$101,000
Road Game Share	\$17,000
Other NFL Revenues	\$52,000
Subtotal - National Revenue	\$170,000
<b>TOTAL REVENUES</b>	<b>\$265,483</b>
NFL Franchise Expenses	
Player Costs and Benefits	\$142,400
Team Expenses	\$24,000
General and Administrative Expenses	\$16,500
Sales and Marketing Expenses	\$10,000
Stadium Rental	To be Determined
Stadium Expenses	\$13,400
Public Relations	\$2,100
Common Expenses	\$7,500
Other	\$2,000
Subtotal - NFL Franchise Expenses	\$217,900
<b>TOTAL EXPENSES</b>	<b>\$217,900</b>
<b>NET CASH FLOW FROM OPERATIONS</b>	<b>\$47,583</b>

# C. CASH FLOW SUMMARY

## Estimated Incremental Revenues

- For Illustrative Purposes, Presented Below is a Summary of the Falcons' Estimated Net Incremental Revenue
- Assumes New Stadium Based on 2011 Conditions to Allow for Direct Comparison of Current Situation to New Stadium Estimate

(\$000s)	Current Scenario	New Stadium Scenario	Increment
NFL SEASON	2011 (E)	2011 (E)	Increment
<b>Operating Revenues</b>			
National Revenues	\$170,000	\$170,000	\$0
Local Revenues			
Ticket Revenues - Home Games (Net)	\$31,680	\$37,300	\$5,620
Marketing/Sponsorship/Other	\$10,200	\$19,500	\$9,300
Luxury Suite Premiums	Commissions/Inducements	\$10,633	\$10,633
Club Seat Premiums	Commissions/Inducements	\$10,269	\$10,269
Commissions - Advertising	\$2,244	NA	(\$2,244)
Commissions - Premium Seating	\$4,386	NA	(\$4,386)
Local TV and Radio	\$5,600	\$5,600	\$0
Concessions/Parking/Etc.	Inducements	\$4,169	\$4,169
Programs/Merchandise/Etc.	\$600	\$812	\$212
Inducement Payment - Base	\$4,000	NA	(\$4,000)
Inducement Payment - Contingent	To be Determined	NA	NA
Other	\$1,800	\$7,200	\$5,400
Total - Local Revenues	\$60,510	\$95,483	\$34,973
<b>Total - Operating Revenues</b>	<b>\$230,510</b>	<b>\$265,483</b>	<b>\$34,973</b>



**V. CONCEPTUAL SOURCES/USES OF FUNDS**

# V. CONCEPTUAL SOURCES/USES OF FUNDS

## Conceptual Sources/Uses of Funds

- Combination of Both Public and Private Participation is Cornerstone of Current Financing Structures
- In Order to Evaluate Impact on Equity Value, Must Consider Additional Debt Incurred by Falcons to Construct Proposed Stadium
- Public Sector Investment Limited to Hotel/Motel Tax and State of Georgia Land Acquisition
- Team Investment Includes Combination of the Following Sources
  - ✓ PSLs
  - ✓ NFL G-4 Proceeds
  - ✓ Equity
  - ✓ Debt



# V. CONCEPTUAL SOURCES/USES OF FUNDS

## Financing Sources

### ➤ Hotel/Motel Tax – Key Financing Assumptions (Assumes Tax-Exempt Rates)

	SCENARIO A	SCENARIO B	SCENARIO C
Debt Service Coverage - (1)	1.25x	1.25x	1.25x
Tax-Exempt Interest Rate Calculation			
MMD Rate - (2)	3.15%	3.15%	3.15%
Spread	0.75%	0.75%	0.75%
Additional Cushion	0.00%	0.25%	0.50%
Tax-Exempt Interest Rate	3.90%	4.15%	4.40%
Costs of Issuance	1.50%	1.50%	1.50%
Bond Insurance	0.00%	0.00%	0.00%
Debt Service Reserve Fund	Yes	Yes	Yes
Debt Service Reserve Fund Interest Earnings	2.00%	2.00%	2.00%
Surety	NA	NA	NA
Construction Period Interest Earnings	NA	NA	NA
Capitalized Interest (Years)	0 Years	0 Years	0 Years
Final Maturity	30 Years	30 Years	30 Years

(1) Assumes credit enhancement to be provided.

(2) Reflects estimated 30-Year and AAA rated interest rates as of February 2012.

# V. CONCEPTUAL SOURCES/USES OF FUNDS

## Financing Sources

- Hotel/Motel Tax Collections
  - ✓ Current Rate 7.00%
  - ✓ Georgia Dome Allocation (39.3%) 2.75%
    - 2011 Allocation \$18,040,335

Fiscal Year	Hotel/Motel Tax Collections
1998	\$35,068,629
1999	\$39,494,242
2000	\$41,590,190
2001	\$42,780,339
2002	\$37,932,024
2003	\$35,877,710
2004	\$36,347,243
2005	\$39,772,133
2006	\$46,406,418
2007	\$50,917,279
2008	\$49,770,888
2009	\$48,620,207
2010	\$42,560,361
2011	\$45,904,211
CAGR	2.09%

Source: GWCCA Bond Disclosure Statements.

# V. CONCEPTUAL SOURCES/USES OF FUNDS

## Financing Sources

- Hotel/Motel Tax Estimates  
(No Independent Research  
/ Validation Conducted)

		HOTEL/MOTEL TAX		
Fiscal Year	Escalation	LOW CASE	MID CASE	HIGH CASE
		0.00%	2.00%	3.00%
2011	Year 1	\$18,040,355	\$18,040,355	\$18,040,355
2012	Year 2	\$18,040,355	\$18,401,162	\$18,581,566
2013	Year 3	\$18,040,355	\$18,769,185	\$19,139,013
2014	Year 4	\$18,040,355	\$19,144,569	\$19,713,183
2015	Year 5	\$18,040,355	\$19,527,460	\$20,304,578
2016	Year 6	\$18,040,355	\$19,918,010	\$20,913,716
2017	Year 7	\$18,040,355	\$20,316,370	\$21,541,127
2018	Year 8	\$18,040,355	\$20,722,697	\$22,187,361
2019	Year 9	\$18,040,355	\$21,137,151	\$22,852,982
2020	Year 10	\$18,040,355	\$21,559,894	\$23,538,571
2021	Year 11	\$18,040,355	\$21,991,092	\$24,244,728
2022	Year 12	\$18,040,355	\$22,430,914	\$24,972,070
2023	Year 13	\$18,040,355	\$22,879,532	\$25,721,232
2024	Year 14	\$18,040,355	\$23,337,123	\$26,492,869
2025	Year 15	\$18,040,355	\$23,803,865	\$27,287,655
2026	Year 16	\$18,040,355	\$24,279,942	\$28,106,285
2027	Year 17	\$18,040,355	\$24,765,541	\$28,949,474
2028	Year 18	\$18,040,355	\$25,260,852	\$29,817,958
2029	Year 19	\$18,040,355	\$25,766,069	\$30,712,497
2030	Year 20	\$18,040,355	\$26,281,391	\$31,633,872
2031	Year 21	\$18,040,355	\$26,807,018	\$32,582,888
2032	Year 22	\$18,040,355	\$27,343,159	\$33,560,374
2033	Year 23	\$18,040,355	\$27,890,022	\$34,567,186
2034	Year 24	\$18,040,355	\$28,447,822	\$35,604,201
2035	Year 25	\$18,040,355	\$29,016,779	\$36,672,327
2036	Year 26	\$18,040,355	\$29,597,114	\$37,772,497
2037	Year 27	\$18,040,355	\$30,189,057	\$38,905,672
2038	Year 28	\$18,040,355	\$30,792,838	\$40,072,842
2039	Year 29	\$18,040,355	\$31,408,695	\$41,275,027
2040	Year 30	\$18,040,355	\$32,036,868	\$42,513,278

# V. CONCEPTUAL SOURCES/USES OF FUNDS

## Financing Sources

- Hotel/Motel Tax (No Independent Research / Validation Conducted)
  - ✓ Does Not Account for Georgia Dome Principal Debt Balance at Time of Bond Issue (If Any)
    - Reduction in Net Bond Proceeds Available for Construction Could Increase Falcons' Debt

### HOTEL/MOTEL TAX REVENUE

TAX-EXEMPT INTEREST RATE	SCENARIO A 3.90%	SCENARIO B 4.15%	SCENARIO C 4.40%
<b>LOW CASE</b>			
Total Par Amount	\$256,730,000	\$249,070,000	\$241,750,000
Net Proceeds Available	\$238,210,000	\$230,660,000	\$223,450,000
<b>MID CASE</b>			
Total Par Amount	\$330,250,000	\$319,320,000	\$308,910,000
Net Proceeds Available	\$299,250,000	\$288,480,000	\$278,230,000
<b>HIGH CASE</b>			
Total Par Amount	\$378,050,000	\$364,920,000	\$352,430,000
Net Proceeds Available	\$337,820,000	\$324,890,000	\$312,580,000

(1) Assumes credit enhancement to be provided.

# V. CONCEPTUAL SOURCES/USES OF FUNDS

## Financing Sources

- Personal Seat Licenses (PSLs)
  - ✓ PSL Revenues Represent a Source of Revenue which can be Used to Privately Finance Professional Sports Facilities and Minimize the Reliance of Public Revenue Sources
  - ✓ PSLs Give Patrons the Right to Purchase Season Tickets for Selected Seats for a Defined Period of Time
  - ✓ PSL Typically Consists of a One-Time Fee that Gives the Purchaser “Ownership” of a Given Seat (Teams May Offer Financing Options)
  - ✓ PSL Revenues can be Used for Construction or as a Direct Revenue Source, Depending on the Deal/Lease Structure
  - ✓ Demand for PSLs is a Function of a Variety of Factors – Program can be Controversial in Some Markets (May Impact Future Ticket Prices Depending on Structure)
  - ✓ Must Consider Tax Implications

# V. CONCEPTUAL SOURCES/USES OF FUNDS

## Financing Sources

- Below is a List of the Communities and NFL Franchises which have Recently Sold or are in the Process of Selling PSLs:
  - ✓ Santa Clara – San Francisco 49ers (Proposed New Stadium)
  - ✓ New York/New Jersey – New York Giants
  - ✓ New York/New Jersey – New York Jets
  - ✓ Dallas – Dallas Cowboys
  - ✓ Charlotte – Carolina Panthers (Expansion Franchise)
  - ✓ St. Louis – St. Louis Rams (Relocation Franchise)
  - ✓ Oakland – Oakland Raiders (Relocation Franchise)
  - ✓ Cleveland – Cleveland Browns (Expansion Franchise)
  - ✓ Baltimore – Baltimore Ravens (Relocation Franchise)
  - ✓ Nashville – Tennessee Titans (Relocation Franchise)
  - ✓ Pittsburgh – Pittsburgh Steelers
  - ✓ Green Bay – Green Bay Packers
  - ✓ Houston – Houston Texans (Expansion Franchise)
  - ✓ Chicago – Chicago Bears
  - ✓ Seattle – Seattle Seahawks
  - ✓ Cincinnati – Cincinnati Bengals

# V. CONCEPTUAL SOURCES/USES OF FUNDS

## Financing Sources

### ➤ Estimated PSL Revenue

Team	Year	PSL Seats	Low Price	High Price	Gross Revenues	Use of Proceeds	Comments
San Francisco 49ers	2011	TBD	TBD	TBD	TBD	Construction	Sales recently began. Approximately 9,000 club seats were released, priced between \$20,000 to \$30,000 (select number at \$80,000).
New York Giants	2008	82,500	\$1,000	\$20,000	\$371,000,000	Construction	Estimated gross revenue.
New York Jets	2008	55,500	\$2,500	\$25,000	\$292,750,000	Construction	Reflects estimated gross revenue after recent price reductions. Original estimated gross revenue was \$340 million. Coaches Club PSLs auctioned.
Dallas Cowboys	2008	55,000	\$2,000	\$150,000	\$500,000,000	Construction	Reflects combination of upfront proceeds and financed proceeds. Figure may be higher. Target goal was reportedly \$650 million.
Baltimore Ravens	1996	63,008	\$250	\$3,000	\$69,804,500	Relocation/Franchise	Franchise relocated from Cleveland, Ohio. Total seats reportedly near 63,500.
Carolina Panthers	1993	61,472	\$600	\$5,400	\$158,522,700	Construction	Net revenues collected after tax in excess of \$100 million.
Chicago Bears	2002	31,500	\$1,587	\$1,587	\$50,000,000	Renovation	Projected revenue figure reportedly may reach \$60 million.
Cincinnati Bengals	1996	50,000	\$150	\$1,500	\$25,000,000	Construction	To be confirmed. Tax challenge.
Cleveland Browns	1996	49,799	\$250	\$1,500	\$37,896,500	Construction	Expansion franchise. Totals reportedly reached 55,000 seats and \$39.0 million.
Green Bay Packers	2001	53,000	\$600	\$1,400	\$106,000,000	Renovation	Number of available seats higher than reported figure as a result of partial plans. Figures reflect projected total.
Houston Texans	2000	44,906	\$600	\$3,900	Confidential	Construction	Expansion franchise.
Oakland Raiders	1995	54,844	\$250	\$16,000	\$100,321,600	Renovation	Reflects original projections - revenues to date significantly lower. Franchise relocated from Los Angeles, California. Ten-year term.
Pittsburgh Steelers	1998	43,650	\$250	\$2,700	\$42,000,000	Construction	Sold on a limited basis. Total revenue reportedly exceeded original estimate.
Seattle Seahawks	2001	8,300	\$2,000	\$3,000	\$16,000,000	Construction	Sold on a limited basis. Total revenue reportedly exceeded original estimate.
St. Louis Rams	1994	49,000	\$250	\$4,500	\$74,750,000	Relocation/Practice Facility/Franchise	Franchise relocated from Anaheim, California. Totals reportedly reached 53,500 seats and \$79.5 million.
Tennessee Titans	1996	56,463	\$250	\$4,500	\$85,421,500	Construction	Franchise relocated from Houston, Texas. Totals reportedly reached 57,786 seats and \$91.0 million.

Sources: Muhleman Marketing Inc., National Football League, and industry research.

# V. CONCEPTUAL SOURCES/USES OF FUNDS

## Financing Sources

### ➤ NFL G-4 Program

- ✓ G-4 Program Established to Assist Teams with Financial Support Earmarked for Stadium Construction and Renovation Projects
- ✓ Potentially \$200 Million can be Received from League Funding
- ✓ Three Mechanisms of League Funding
  - 1) NFL Advance – Maximum of \$100 Million; Repaid through Club Seat Waiver and Incremental Visiting Team Share – Team Responsible for Shortfall
  - 2) NFL Loan – Maximum of \$50 Million; Guaranteed by Team’s Controlling Owner
  - 3) NFL Grant – Maximum of \$50 Million
- ✓ If the Team is Sold Prior to the Maturity Date of the League Funding, Seller Must Repay an Amount Equal to the Outstanding Principal Balance of the League Funding



# V. CONCEPTUAL SOURCES/USES OF FUNDS

## Project Budget

(\$ in 2011)	
<b>USES OF FUNDS</b>	
Stadium Construction Costs	
New Open-Air Stadium	\$465,000,000
Stadium Plaza (On-Grade)	\$6,500,000
Stadium Plaza (Elevated Deck)	\$7,000,000
Soft Costs	20% \$95,700,000
Stadium Construction Costs - Total	\$574,200,000
Other On-Site Development Costs	
Surface Parking	\$3,000,000
Structured Parking	\$12,000,000
Soil Mitigation	\$10,000,000
Power Transmission Line Relocation	\$15,000,000
Soft Costs	20% \$8,000,000
Other On-Site Development Costs - Total	\$48,000,000
Other Off-Site Costs	
Pedestrian Bridge	\$24,000,000
Cost to Relocate Marshalling Area	
Land	\$21,600,000
Improvement	\$14,400,000
Off-Site Contingency	\$10,000,000
Sub-Total - (1)	\$70,000,000
Soft Costs/Fees/Other	20% \$14,000,000
Other Off-Site Costs - Total - (1)	\$84,000,000
Other - Land	\$15,000,000
<b>USES OF FUNDS - TOTAL</b>	<b>\$721,200,000</b>

(1) - Georgia Dome Master Plan Phase III calculation modified.

Source: Georgia Dome Master Plan Phase III.

# V. CONCEPTUAL SOURCES/USES OF FUNDS

## Conceptual Sources and Uses of Funds

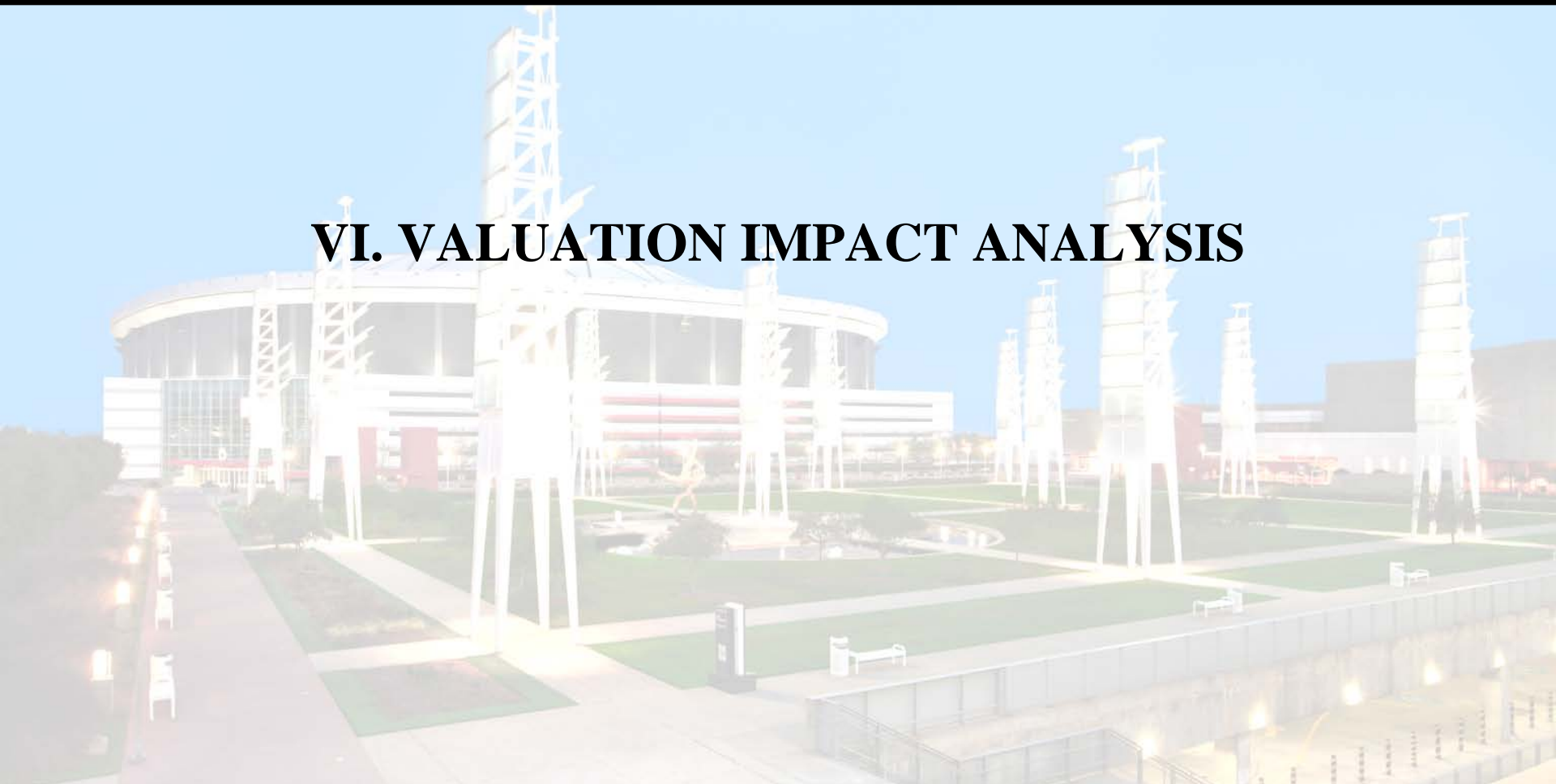
(\$ in 2011)			
<b>SOURCES OF FUNDS</b>	<b>LOW CASE</b>	<b>MID CASE</b>	<b>HIGH CASE</b>
Public Sources			
State of Georgia - Land	\$15,000,000	\$15,000,000	\$15,000,000
Net Bond Proceeds - Hotel/Motel Tax (Existing) - (1)	\$230,660,000	\$288,480,000	\$324,890,000
Public Sources - Total	\$245,660,000	\$303,480,000	\$339,890,000
Private Sources			
NFL G-4 Program			
NFL Advance	\$100,000,000	\$100,000,000	\$100,000,000
NFL Grant	\$50,000,000	\$50,000,000	\$50,000,000
NFL Loan	\$50,000,000	\$50,000,000	\$31,310,000
Atlanta Falcons			
Equity	To be Determined	To be Determined	To be Determined
Debt Funding	\$175,540,000	\$67,720,000	\$0
Private Sources - Total	\$375,540,000	\$267,720,000	\$181,310,000
Other			
PSLs (Net)	\$100,000,000	\$150,000,000	\$200,000,000
Vendor Financing	To be Determined	To be Determined	To be Determined
Other - Total	\$100,000,000	\$150,000,000	\$200,000,000
<b>SOURCES OF FUNDS - TOTAL</b>	<b>\$721,200,000</b>	<b>\$721,200,000</b>	<b>\$721,200,000</b>
<b>USES OF FUNDS</b>			
Stadium Construction Costs - Total	\$574,200,000	\$574,200,000	\$574,200,000
Other On-Site Development Costs - Total	\$48,000,000	\$48,000,000	\$48,000,000
Other Off-Site Costs - Total - (2)	\$84,000,000	\$84,000,000	\$84,000,000
Other - Land	\$15,000,000	\$15,000,000	\$15,000,000
<b>USES OF FUNDS - TOTAL</b>	<b>\$721,200,000</b>	<b>\$721,200,000</b>	<b>\$721,200,000</b>
<b>NET SURPLUS/DEFICIT</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

(1) - Net bond proceeds reflects Scenario B interest rates.

(2) - Georgia Dome Master Plan Phase III calculation modified.

Source: Georgia Dome Master Plan Phase III.

# VI. VALUATION IMPACT ANALYSIS



# VI. VALUATION IMPACT ANALYSIS

## Introduction/Methodology

- Valuations are Conducted for a Variety of Reasons
  - ✓ Acquisition/Disposition
  - ✓ Mergers
  - ✓ Minority Partner Buyouts
  - ✓ Divorces
  - ✓ Condemnations
  - ✓ Gift Tax Reasons
  - ✓ ESOPs
  - ✓ Proposed Sales
  - ✓ Litigation
  - ✓ Other

# VI. VALUATION IMPACT ANALYSIS

## Definition of Business Value

- Business Valuation is the Process of Assigning a Value to a Financial Asset for which there is Typically No Financial Trading Market Available to Determine its Value
- Fair Market Value is Defined as the Price at which a Business Interest would Change Hands between a Willing Buyer and a Willing Seller, Neither Under Compulsion to Buy or Sell, and Each Having Reasonable Knowledge of All Relevant Facts
- Value of an Equity Interest May be Affected by, Among Other Variables, being a Non-Controlling Owner or Lack of Marketability – Discounts May Apply

# VI. VALUATION IMPACT ANALYSIS

## Types of Value

- There are Generally Three Types of Value Assigned to a Business
  - ✓ Accounting Book Value
    - Simply the Balance Sheet Value of the Firm's Equity, Defined by Subtracting Outstanding Liabilities from the Net Depreciated Value of its Assets
    - Book Value is a Reasonable Proxy for the Market Value of Certain Capital Intensive Firms
    - Rarely Accurate Measure when Valuing Service or Non-Manufacturing Firms
  - ✓ Liquidation Value
    - Amount of Money that would be Received by the Owners of a Business if the Company were Liquidated
  - ✓ Market Value
    - Amount of Money Someone would Pay to Purchase an Entire Business or the Equity of the Business. Market Value is Closely Related to Fair Market Value.

# VI. VALUATION IMPACT ANALYSIS

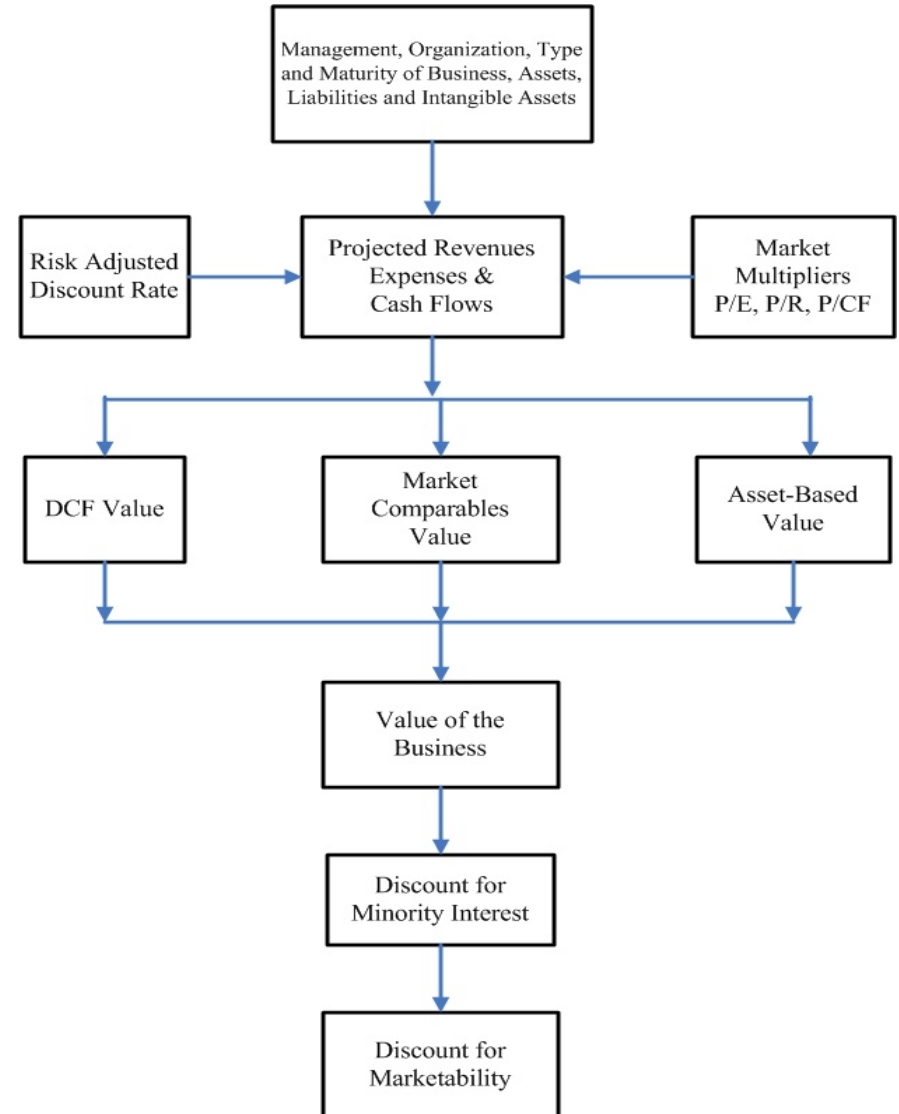
## Approaches to Valuation

- There are Generally Accepted Valuation Methodologies
  - ✓ Market Approach
    - Based on the Premise that the Value of a Business Enterprise is the Price Investors are Willing to Pay for Similar Interests in Comparable Business Transactions
    - Model Utilizes the Ratio of Market Price to Earnings and/or Price to Sales/Revenues
    - Consideration should be Given to Growth Prospects, Debt Levels, Overall Size, Date, and Source and Availability of Market Data
    - Models Includes: Price/Earnings Model and **Price/Revenue Model**
  - ✓ Income Approach (Discounted Cash Flow Model)
    - Based on the Premise that the Value of a Business is Equal to the Present Value of Expected Future Net Cash Flows
    - Requires Three Inputs: 1) Estimated Future Cash Flows; 2) Duration of Future Cash Flows; and 3) Appropriate Risk-Adjusted Discount Rate
  - ✓ Cost Approach
    - Considers the Value of the Tangible and Intangible Assets
    - Generally Requires an Independent Appraisal of Current Assets, Real Estate, Tangible Personal Property, and Intangible Assets
    - Methodology is Typically Not Appropriate for Valuing Operating Services of Firms

# VI. VALUATION IMPACT ANALYSIS

## Pathway to Valuation

- Pathway to Valuation is Outlined to the Right





# VI. VALUATION IMPACT ANALYSIS

## Approaches to Valuation

### ➤ Additional Considerations

- ✓ Professional Sports Entities are Unique in Both the Benefits Derived through Ownership, as well as in Their Business Environment
- ✓ Professional Sports Entities Generate a Variety of Benefits to Ownership in Addition to Operating Cash Flow
  - Cross Marketing and Promotional Opportunities
  - Strategic/Synergistic Benefits with Other Business Interests
  - Image and Public Relations Benefits
  - Personal/Corporate Prestige and Recognition
  - Community Benefits (Revitalization/Quality of Life/Etc.)
- ✓ Leagues Limit the Number of Teams
- ✓ Prospective Buyers of Sports Teams May Also Consider the Possibility of Value Appreciation and Corporate/Personal Tax Benefits
- ✓ As a Result of Considerations Above, the Market Value of a Sports Team Often Reflects Several Factors Not Apparent from Net Cash Flow

# VI. VALUATION IMPACT ANALYSIS

## Applied Valuation Approach

- For the Purpose of this Analysis, BSG has Determined that the Market Comparable Approach Utilizing a Revenue Multiple will Yield the Most Accurate Valuation Range for an NFL Team
- Calculating the Multiple as a Product of Price to Revenue Minimizes the Effect of a Change in Cost Structure from the Seller to the Buyer
- Reported Revenues are More Likely to Accurately Reflect a Company's Performance than would Reported Profits
- Revenue Multiple Approach is Typically Used for Establishing a Value Calculation for Professional Sports Teams and Entities
- While We have Considered the Income Approach, We Acknowledge Its Limited Applicability in Many Cases Involving Professional Sports Teams
- As Described Above, the Cost Approach is Typically Not Appropriate for Valuing Operating or Services Firms

# VI. VALUATION IMPACT ANALYSIS

## Comparable Market Transactions

- Specific Details Associated with Comparable Market Transactions can have a Material Impact on the Implied Market Value and Corresponding Revenue Multiple
  
- Consideration should be Give to the Following Factors
  - ✓ Team Brand
  - ✓ Market Characteristics
  - ✓ Team/Stadium Profitability (Current and Projected)
  - ✓ Stadium Characteristics/Amenities
  - ✓ Transaction Terms
  - ✓ Sale Conditions (Distressed Sales/Forced Sale/Etc.)
  - ✓ Economic Conditions
  - ✓ Unrelated Assets Included or Liabilities Assumed
  - ✓ Other (i.e. Quality of Practice Facility, Control Over Related Facilities, etc.)

# VI. VALUATION IMPACT ANALYSIS

## Comparable Market Transactions

- Comparable Market Transactions Detailed Herein have been Considered Based on Specific Details of the Transactions in Order to More Accurately Evaluate the Implied Revenue Multiples
- Specific Details of Each Transaction were Obtained from Sources Assumed to be Reliable
- However, BSG Neither Warrants Nor Assumes the Accuracy or Completeness of Such Information
- While We have Considered Minority Interest Transactions, BSG has Focused Primarily on Majority Interest Transactions for this Analysis

# VI. VALUATION IMPACT ANALYSIS

## Atlanta Falcons Transactions

- As Illustrated on the Next Page, Arthur Blank Purchased the Falcons in 2002 for Approximately \$545 Million
- Minority Interest Shares in the Falcons have been Sold Several Times Since the 2002 Transaction
- According to Recent Reports, there are Eight Limited Partners
  - ✓ Brian Barker
  - ✓ Ronald Canakaris
  - ✓ Warrick Dunn
  - ✓ Douglas Hertz
  - ✓ John Imlay
  - ✓ Ed Mendel
  - ✓ Derek Smith
  - ✓ John Williams
- Arthur Blank Continues to Hold Over 90% Ownership in the Team

# VI. VALUATION IMPACT ANALYSIS

## Comparable Market Transactions

- Illustrated Below is a Summary of Recent NFL Majority Interest Transactions as Publicly Reported (Actual Prices Often Vary from Reported)

<b>Team</b>	<b>Year Sold</b>	<b>Implied Price @ 100% Interest</b>
Jacksonville Jaguars	2011	\$770,000,000
St. Louis Rams	2010	\$750,000,000
Miami Dolphins	2008	\$1,100,000,000
Minnesota Vikings	2005	\$600,000,000
Atlanta Falcons	2002	\$545,000,000
Baltimore Ravens	2000	\$600,000,000
New York Jets	2000	\$635,000,000
Washington Redskins	1999	\$800,000,000
Houston Texans (Expansion)	1999	\$700,000,000
Cleveland Browns (Expansion)	1998	\$476,000,000
Minnesota Vikings	1998	\$250,000,000

- BSG has also Considered Recent NFL Minority Interest Transactions

# VI. VALUATION IMPACT ANALYSIS

## Revenue Multiples – Majority Interest Transactions

- Estimates of Market Values and Team Revenues were Used to Calculate Implied Revenue Multiples
- As Described Above, In Order to More Accurately Evaluate Revenue Multiples for this Analysis, BSG Considered the Specific Circumstances Surrounding Each Transaction
- Specific Details of Each Transaction can have a Material Impact on the Implied Market Value and Corresponding Revenue Multiple
- Revenue Multiples for Recent Transactions (Since 2005) have Ranged from Just Over 3.50x to Over 5.00x Revenue with an Average of Just Over 4.00x
- Revenue Multiples for Transactions Involving the St. Louis Rams and Jacksonville Jaguars have been at the Lower End of the Range – Transactions Reflect Market Characteristics, Stadium Condition, Profitability, and Macro Economic Conditions
- BSG Acknowledges that, in Some Instances, Historical Revenue Multiples May be Higher than Current Market Conditions would Support (Historical Revenue Multiples have Typically been Higher – Approximately 4.50x Average)

# VI. VALUATION IMPACT ANALYSIS

## Revenue Multiples – Majority Interest Transactions

- BSG has Considered the Following Factors When Selecting the Appropriate Range of Revenue Multiples to Account for Changes in Macro Economic Conditions and Current Trends
  - ✓ Recent Transactions in the NFL
  - ✓ Transactions in Other Professional Sports Leagues
  - ✓ Previous Discussions with Representatives of the NFL and Other Leagues
  - ✓ Previous Discussions with Sports Investment Bankers
  
- Having Considered the Relevant Market Information for NFL Transactions, BSG has Concluded that a Revenue Multiple Range of 3.50x to 4.50x is Appropriate to Evaluate the Value of a 100% Controlling Interest in the Falcons
  
- Revenue Multiples for Falcons' Recent Minority Transactions Likely Occurred at the Upper End of the Range Given the Prospects of a New Stadium and the Size of the Minority Transactions
  
- Revenue Multiple for a 100% Controlling Interest in the Falcons would Likely be Approximately 4.00x or Slightly Higher Depending on the Status of the Proposed Stadium and the Deal/Lease Structure, Among Other Factors (Revenue Multiple Selection Could Vary Depending on Scenario)



# VI. VALUATION IMPACT ANALYSIS

## Fair Market Value (100% Interest) – Enterprise Value

- Illustrated Below is a Valuation Matrix Based on Various Revenue Multiple Scenarios (Negative Scenarios Unlikely Based on Contemplated Public Sector Investment)
- It Should Noted that BSG has been Limited in its Ability to Conduct Normal Due Diligence as a Result of Confidentiality Concerns. Valuation Ranges Presented Herein Do Not Constitute an Appraisal of the Falcons by ASA Standards. Presented for Illustrative Purposes Only.

### ENTERPRISE VALUE

		ATLANTA FALCONS		Estimated Revenue				
				(\$000s)				
		Current Scenario		\$230,510				
		New Stadium Scenario		\$265,483				
		Revenue Multiple		NEW STADIUM				
				3.50	3.75	4.00	4.25	4.50
		Estimate of FMV		\$930,000	\$1,000,000	\$1,060,000	\$1,130,000	\$1,190,000
				<i>Incremental Value</i>				
CURRENT	3.50	\$810,000	\$120,000	\$190,000	\$250,000	\$320,000	\$380,000	
	3.75	\$860,000	\$70,000	\$140,000	\$200,000	\$270,000	\$330,000	
	4.00	\$920,000	\$10,000	\$80,000	\$140,000	\$210,000	\$270,000	
	4.25	\$980,000	(\$50,000)	\$20,000	\$80,000	\$150,000	\$210,000	
	4.50	\$1,040,000	(\$110,000)	(\$40,000)	\$20,000	\$90,000	\$150,000	

## VI. VALUATION IMPACT ANALYSIS

### Fair Market Value (100% Interest) – Equity Value

- In Order to Estimate the Incremental Equity Value, BSG Estimated the Current Debt for the Falcons, as well as the Estimated Falcons' Debt Required to Fund Development of a New Stadium
- Below is a Oversimplified Hypothetical Illustration of an Equity Value Calculation

Enterprise Value	\$100,000,000
Less: Debt	<u>(\$25,000,000)</u>
Equity Value	\$75,000,000

- We have Estimated the Falcons Current Debt Level to be \$150 Million Based on League Debt Limits
- Based on the Conceptual Financing Plan Presented Earlier, We have Estimated the Falcons would Incur Additional Debt in the New Stadium Scenario

✓ NFL G-4 Program	\$50 Million
✓ Additional Debt	\$0 to \$175.5 Million (\$67.7 Million Mid Case)

- ✓ For Analytical Purposes, We have Assumed Additional New Stadium Debt of \$117.7 Million

# VI. VALUATION IMPACT ANALYSIS

## Fair Market Value (100% Interest) – Equity Value

- Illustrated Below is a Valuation Matrix Based on Various Revenue Multiple Scenarios (Negative Scenarios Unlikely Based on Contemplated Public Sector Investment)
- Falcons Current Debt Estimated Based on League Limits – Falcons Would Argue that a Portion or All of NFL Advance Under G-4 Program (\$100 Million) Should be Considered Debt
- It Should Noted that BSG has been Limited in its Ability to Conduct Normal Due Diligence as a Result of Confidentiality Concerns. Valuation Ranges Presented Herein Do Not Constitute an Appraisal of the Falcons by ASA Standards. Presented for Illustrative Purposes Only.

### EQUITY VALUE

ATLANTA FALCONS			Estimated Revenue		Estimated Debt		
	Current Scenario		\$230,510		\$150,000		
	New Stadium Scenario		\$265,483		\$267,720		
			NEW STADIUM				
Revenue Multiple			3.50	3.75	4.00	4.25	4.50
Estimate of FMV (Equity)			\$660,000	\$730,000	\$790,000	\$860,000	\$930,000
			Incremental Value				
CURRENT	3.50	\$660,000	\$0	\$70,000	\$130,000	\$200,000	\$270,000
	3.75	\$710,000	(\$50,000)	\$20,000	\$80,000	\$150,000	\$220,000
	4.00	\$770,000	(\$110,000)	(\$40,000)	\$20,000	\$90,000	\$160,000
	4.25	\$830,000	(\$170,000)	(\$100,000)	(\$40,000)	\$30,000	\$100,000
	4.50	\$890,000	(\$230,000)	(\$160,000)	(\$100,000)	(\$30,000)	\$40,000

# VI. VALUATION IMPACT ANALYSIS

## Preliminary Observations

- Current Value of Falcons Likely Reflects Potential for Development of a New Stadium – Current Value of Falcons Without Potential for a New Stadium Would be Lower (As a Result, Incremental Value Described Below Would be Higher)
- Teams in New Stadiums Rarely Sold – Valuation Matrix Summarized Herein May Not Fully Capture Increase in Value
- Development of a New Stadium will Allow Value of Team (and Equity) to Continue to Increase as the NFL Continues to Grow
- If No New Stadium were Developed, Continued Aging of Georgia Dome would Limit Growth Potential of Team
- Based on Scenario Outlined Herein and Current Status of New Stadium Discussions, Increase in Enterprise Value Attributable to Development of Proposed Stadium Likely in the \$175 to \$225 Million Range
- Increase in Equity Value Attributable to Development of Proposed Stadium Depends on Stadium Deal Structure and Debt to be Incurred by Falcons – Increase in Equity Value would be Substantially Less than Increase in Enterprise Value
- Consideration Could be Given to Including a Profit Sharing Provision if Team is Sold within a Certain Period After Development of a New Stadium

# LIMITING CONDITIONS AND ASSUMPTIONS



# LIMITING CONDITIONS AND ASSUMPTIONS

This analysis is subject to our contractual terms, as well as the following limiting conditions and assumptions:

- ✓ The analysis has been prepared for internal decision making purposes of the Georgia World Congress Center Authority (the Client) only and shall not be used for any other purposes without the prior written permission of Barrett Sports Group, LLC.
- ✓ The analysis includes findings and recommendations; however, all decisions in connection with the implementation of such findings and recommendations shall be Client's responsibility.
- ✓ Ownership and management of the stadium are assumed to be in competent and responsible hands. Ownership and management can materially impact the findings of this analysis.
- ✓ Any estimates of historical or future prices, revenues, rents, expenses, occupancy, net operating income, mortgage debt service, capital outlays, cash flows, inflation, capitalization rates, yield rates or interest rates are intended solely for analytical purposes and are not to be construed as predictions of the analysts. They represent only the judgment of the authors based on information provided by operators and owners active in the market place, and their accuracy is in no way guaranteed.
- ✓ Our work has been based in part on review and analysis of information provided by unrelated sources which are believed accurate, but cannot be assured to be accurate. No audit or other verification has been completed.
- ✓ Current and anticipated market conditions are influenced by a large number of external factors. We have not knowingly withheld any pertinent facts, but we do not guarantee that we have knowledge of all factors which might influence the operating potential of the facility. Due to rapid changes in the external factors, the actual results may vary significantly from estimates presented in this report.
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