National Football League
Atlanta Discussion Document

April 2009
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NFL Is the Premier Sports Property

- 71% of U.S. population are NFL fans
- 2008 Harris Interactive poll shows that 31% of U.S. population considers the NFL to be their favorite sport

Super Bowl Viewership

- The Super Bowl is the most-watched television program each year
- Super Bowl XLIII was the most-watched television program in U.S. history, with a total audience of 151.6 million viewers

Super Bowl viewership exceeds the combined totals of major sports championships, award shows, Olympics, NCAA title games

**Total Audience in Millions**

- 151.6
- 28.6 NASCAR Daytona 500
- 37.1 MLB World Series Game 5 conclusion
- 40.6 NBA Finals Game 6
- 18.8 NHL Stanley Cup Final Game 6
- 67.6 81st Academy Awards
- 67.6 51st Grammy Awards
- 32.2 60th Primetime Emmy Awards
- 49.2 60th Primetime Emmy Awards
- 60.7 2008 Beijing Summer Olympics Closing Ceremony
- 71.3 2008 Beijing Summer Olympics Opening Ceremony
- 56.5 2009 NCAA Football BCS Championship Game
- 56.5 2008 NCAA Men's Div I Basketball Championship

Source: Nielsen, N*Power (based on total audience 2+ 6 minute): Super Bowl XLIII (ABC, Feb'09); NHL Stanley Cup Finals (NBC, June'08); NBA Finals (ABC, June'08); MLB World Series (FOX, Oct'08, conclusion of Game 5); Daytona 500 (FOX, Feb'09); Academy Awards (ABC, Feb'09); Grammy Awards (CBS, Feb'09); Primetime Emmys (ABC, Sept'08); 2008 Beijing Summer Olympics (NBC, Aug'08); NCAA Men's Basketball Championship (CBS, April'08); and BCS Title Game (FOX, Jan'09)
NFL Business Partners

Corporate Sponsors

Licensees*

Media Partners

* Sample list of NFL licensees
League Revenue Sharing

- Clubs in the NFL share revenues to a larger extent than in any other major professional sports league; unique attribute of the NFL
  - 82% of all League revenues are shared*

- Clubs share revenue equally from national television, national radio, and NFL Business Ventures (e.g., national sponsorships, licensing); teams also share a portion (34%) of ticket and club seat sales

- Clubs **do not** share other stadium revenues (e.g., concessions, parking, luxury suites, naming rights, advertising) and local television and radio

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* Includes gate, which is shared 66%-34%, and revenue sharing payments
Labor

- CBA runs through the 2010 NFL season; NFL will have had uninterrupted labor peace for 23 years

- CBA was initially negotiated in the early 1990s after Court in the McNeil antitrust case imposed player free agency on the NFL; CBA still under jurisdiction and approval authority of federal courts

- CBA provides for a Salary Cap system, which was agreed to in order to avoid player costs from spiraling out of control

- The Salary Cap is set each year based on a percentage of total revenue (approximately 57-60% during the term); thus, lower-than-average revenue Clubs spend a higher-than-average percentage of revenues on player costs, putting them at financial risk
Challenges

- Clubs in larger markets effectively subsidize Clubs in smaller markets because Clubs share revenues from national television, among other sources.

- A Club’s stadium situation (more so than market size) determines whether it is a higher-than-average revenue Club because Clubs do not share most stadium revenues.

- A Club cannot be a significantly lower-than-average revenue Club over the long-term and compete economically and on-the-field, because player costs and the Salary Cap are based on the average Club’s revenues.
Value of an NFL Team and New Stadium to Community

- Primary economic impact
  - Construction; team operations and games
  - Direct spending
  - Indirect spending due to multiplier effect
  - Jobs and earnings
  - Tax revenues

- Secondary economic impact
  - Tourism
  - Relocations of businesses due to “major league” status
  - Other events (e.g., Final Fours, concerts, conventions, and meetings)
Value of an NFL Team and New Stadium to Community (cont.)

- Consumption value – amenities that enhance the quality of life; citizens want new stadiums like they want schools, parks, museums, theaters, libraries, low crime rates, etc.
- National and international exposure for cities
- Prestige for cities
- Community excitement around team
- Community pride
- Community unity and cohesiveness
- Enhancement of fan experience (e.g., sightlines, concessions, seating)
- Charitable activities
  - By team
  - By players
- NFL strengths and challenges
- NFL stadium development
- Falcons’ situation
NFL Stadium Development

- Since the Georgia Dome opened in 1992, 25 additional stadiums will have been built or substantially renovated, which has dramatically changed League-wide economics

- Approximately $11 billion in stadium-related construction costs

- Each stadium project has been unique; each community assessed its own stadium needs (no “one size fits all” solution)

- Each stadium project was the result of a successful public-private partnership

- Stadium construction typically exhibits long-term cyclicality; to compete economically, teams need to be opportunistic and must ensure that they do not remain out of synch with cyclical trends for extended periods
## 25 Stadium Projects Built or Substantially Renovated Since Georgia Dome Opened

<table>
<thead>
<tr>
<th>NFL Season</th>
<th>Opened</th>
<th>On-line</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2009</td>
</tr>
<tr>
<td>1995</td>
<td>2</td>
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<td>1996</td>
<td>4</td>
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<td>1997</td>
<td>5</td>
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<tr>
<td>1998</td>
<td>7</td>
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<tr>
<td>1999</td>
<td>9</td>
<td></td>
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<tr>
<td>2000</td>
<td>10</td>
<td></td>
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<tr>
<td>2001</td>
<td>12</td>
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<tr>
<td>2002</td>
<td>16</td>
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<tr>
<td>2003</td>
<td>19</td>
<td></td>
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<tr>
<td>2004</td>
<td>19</td>
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<td>2005</td>
<td>19</td>
<td></td>
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<tr>
<td>2006</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>Cum. Total</td>
<td>23</td>
<td>25</td>
</tr>
</tbody>
</table>

NATIONAL FOOTBALL LEAGUE
Recent Stadium Deals - Smaller Markets

- Arizona Cardinals (2006)
  - $455 MM new stadium; $310 MM public and other (68%), $145 MM team (32%)
  - 63,400 capacity; 7,500 club seats; 88 luxury suites; retractable roof
  - Market size (U.S. rank): 1.7 MM TV HHs (#13)

- Indianapolis Colts (2008)
  - $650+ MM new stadium; $550+ MM public and other (85%), $100 MM team (15%)
  - 64,000 capacity; 7,100 club seats; 142 luxury suites; retractable roof
  - Market size (U.S. rank): 1.1 MM TV HHs (#25)

- Kansas City Chiefs (2010)
  - $388 MM stadium renovation; $263 MM public (68%), $125 MM team (32%)
  - 78,775 capacity; 7,637 club seats; 152 luxury suites; open-air
  - Market size (U.S. rank): 913.3K TV HHs (#31)
Recent Stadium Deals - Larger Markets

- Dallas Cowboys (2009)
  - $1,300 MM new stadium; $465 MM public and other (36%), $835 MM team (64%)*
  - 80,000 capacity (expandable for Super Bowl); 15,593 club seats; 205 luxury suites (expandable); retractable roof
  - Market size (U.S. rank): 2.4 MM TV HHs (#6)

  - $1,300+ MM new stadium from team/League sources; $200+ MM from State for land and infrastructure*
  - 81,906 capacity; 9,404 club seats; 222 luxury suites
  - Market size (U.S. rank): 7.4 MM TV HHs (#1)
Stadium Trends

- Stadium construction costs have escalated dramatically, driven largely by labor costs and raw materials (e.g., steel, concrete), among other things

- Most teams and communities have opted for new stadiums versus renovated stadiums, particularly those in domed stadiums (Detroit, Houston, Indianapolis, and Seattle)
  - Renovated stadiums often are architectural “compromises” due to limitations of existing structures
  - New stadiums provide more revenue-generating opportunities and fan amenities (e.g., sightlines, points of sale, more/higher quality premium seating, naming rights)
  - New stadiums provide an opportunity to reset fan expectations and potentially to re-price amenities at market prices
  - Cost estimates for renovated stadiums may be less reliable
  - Often need temporary stadium during renovation; this adds greatly to the costs of the project
Stadium Trends (cont.)

- Teams have gone from being tenants to being stadium investors and operators, thereby taking on significantly more business risk
  - Teams often control day-to-day stadium operations

- Naming rights deals continue to generate significant revenue and provide an important source of stadium financing
  - Average current NFL deals: $5+MM annually; 15-20 years
  - Deals include stadium naming rights and significant Club inventory (e.g., use of marks, sponsorships, media, luxury suites, access to players/coaches)
  - Sponsor categories span a broad range of industries, including auto, building materials, communications, computer software, consumer electronics, delivery service, education, energy, financial services, food and beverage, oil, retail, and telecom
G-3 Program

- League has directly financially supported stadium construction since the mid-1980s
- League increased its financial support in 1999 by approving Resolution G-3; the program was extended in March 2003; the program was exhausted in December 2006 after League commitments to New York Giants / Jets, and Kansas City Chiefs
- Under Resolution G-3, Clubs in non-top 6 markets were eligible for League loans up to 34% of the private contribution towards a stadium project (capped at $102 MM)
- Stadium projects needed to be public-private partnerships
- G-3 loans were approved for twelve stadium projects; more than $1.1 B committed by League
  - Loans to be repaid by Clubs from new stadium revenue
- Commissioner has indicated that League likely to continue financially supporting stadium development in the future, on a basis to be determined
- NFL strengths and challenges
- NFL stadium development
- Falcons' situation
Falcons’ Situation

- The Falcons are approaching their next generational stadium opportunity
- Atlanta-Fulton County Stadium (1966 – 1991) 26 seasons
- The Georgia Dome will be 25 years old after the 2016 season
- The bonds supporting the Dome are projected to paid off in this time frame
- Team MUST make the right stadium decision for the next 25 years to stay competitive
  - By far the most critical component is to provide the foundation for a healthy NFL franchise in the Atlanta community
### Atlanta Professional Sports Venue Landscape

**Atlanta Sports Venues - Team Lease Summaries**

($ in Millions)

<table>
<thead>
<tr>
<th>Venue Team(s)</th>
<th>Georgia Dome Atlanta Falcons</th>
<th>Turner Field Atlanta Braves</th>
<th>Philips Arena Hawks/Thrashers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Year</td>
<td>1992</td>
<td>1997</td>
<td>1999</td>
</tr>
<tr>
<td>Project Cost</td>
<td>$214</td>
<td>$260</td>
<td>$230</td>
</tr>
<tr>
<td>Public/Third Party $</td>
<td>$214</td>
<td>$209*</td>
<td>$210</td>
</tr>
<tr>
<td>Private $</td>
<td>$0</td>
<td>$51</td>
<td>$20</td>
</tr>
<tr>
<td>Public/Third Party %</td>
<td>100%</td>
<td>80%</td>
<td>91%</td>
</tr>
<tr>
<td>Private %</td>
<td>0%</td>
<td>20%</td>
<td>9%</td>
</tr>
<tr>
<td>Controls Development Authority</td>
<td>Team</td>
<td>Team</td>
<td>Team</td>
</tr>
<tr>
<td>Controls Revenues</td>
<td>Authority</td>
<td>Team</td>
<td>Team</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>Authority</td>
<td>Team</td>
<td>Team</td>
</tr>
<tr>
<td>CapEx Responsibility</td>
<td>Authority</td>
<td>Team</td>
<td>Team</td>
</tr>
<tr>
<td>Rent / Revenue / Surcharges:</td>
<td>Team pays 10% of net ticket receipts to Authority (approximately $4M)</td>
<td>Team pays $500k/yr to Atlanta / Fulton Rec Authority; Naming rights &gt;$1.5M to Authority, max of $250k; Team pays Authority 8.25% of parking revenues (approximately $400k)</td>
<td></td>
</tr>
</tbody>
</table>

*Third party funding for Turner Field was provided by Atlanta Committee for the Olympic Games*
Falcons’ Local Revenue Gap vs. NFL Average

($) millions

- $42MM


Projected

NATIONAL FOOTBALL LEAGUE
# Stadium Structure Comparison

<table>
<thead>
<tr>
<th>Structure</th>
<th>Stadiums</th>
<th>Avg. # years since opening or major renovation</th>
<th># Clubs in Top 10 Markets* (DMA)</th>
<th># Clubs in Top Two Quartiles (’07 Revenue)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open-air</td>
<td>23</td>
<td>10</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>Dome</td>
<td>6</td>
<td>15</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Retractable</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>League Total</strong></td>
<td><strong>31</strong></td>
<td><strong>11</strong></td>
<td><strong>10</strong></td>
<td><strong>16</strong></td>
</tr>
</tbody>
</table>

- There are a relatively small number of dome stadiums, the majority of which are in small markets.
- On average, the condition of open-air stadiums is slightly better than that of dome stadiums, as they have been built or renovated more recently.
- There are no dome stadiums that rank in the top two quartiles for total revenue.

*Source: Nielsen Rankings of Local Television Market Universe Estimates 2007-08*
# Stadium Structure Revenue Effect

Revenue variance by stadium structure

<table>
<thead>
<tr>
<th>Open-air vs. Dome</th>
<th>GATE</th>
<th>CLUB SEATS</th>
<th>SUITES</th>
</tr>
</thead>
<tbody>
<tr>
<td>GA Gate Revenue ($MM)</td>
<td>+13.3%</td>
<td>+246.7%</td>
<td>+71.3%</td>
</tr>
<tr>
<td>Dome vs. League average</td>
<td>-8.4%</td>
<td>-69.6%</td>
<td>-39.1%</td>
</tr>
</tbody>
</table>

On average, open-air stadiums generate higher revenue for premium seats, but this may also be partially attributable to market size and stadium conditions. Additionally, open-air stadiums have greater average numbers of both club seats and suites, further exacerbating the disparity in revenue.

Note: Retractable roof stadiums not shown due to small sample size, but included in calculation of League averages.
# Falcons vs. NFC South Division Teams

<table>
<thead>
<tr>
<th>Team</th>
<th>Venue</th>
<th>Market Size Rank</th>
<th>Stadium Capacity</th>
<th>Number of Club Seats</th>
<th>Club Seat Premiums</th>
<th>CSP (Discount) / Premium to League Avg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlanta</td>
<td>Dome</td>
<td>8</td>
<td>71,228</td>
<td>4,604</td>
<td>Low</td>
<td>(86%)</td>
</tr>
<tr>
<td>Carolina</td>
<td>Open Air</td>
<td>24</td>
<td>73,298</td>
<td>11,295</td>
<td>High</td>
<td>51%</td>
</tr>
<tr>
<td>New Orleans</td>
<td>Dome</td>
<td>53</td>
<td>69,703</td>
<td>4,978</td>
<td>Low</td>
<td>(67%)</td>
</tr>
<tr>
<td>Tampa Bay</td>
<td>Open Air</td>
<td>13</td>
<td>65,857</td>
<td>12,105</td>
<td>High</td>
<td>94%</td>
</tr>
</tbody>
</table>
Plan for the Falcons

- Falcons must start exploring creative stadium solutions sooner rather than later; successful public-private partnerships often take years to put together
- Typical key stadium development decisions that need to be made:
  - Site location
  - New vs. renovated stadium
  - Stadium structure (open air, dome, retractable roof)
  - Stadium construction budget
  - Sources of funds
  - Key deal terms
  - Ancillary development and other economic activities