National Football League
Economic Overview

GSU Forecast Conference
Greg Beadles
CFO, Atlanta Falcons
February 23, 2011
AGENDA

- Introduction
- NFL overview
- NFL stadium development
- Atlanta successor stadium
- NFL Challenges
Introduction – Personal

- My background:
  - BS Accounting, Louisiana State University
  - MS Sports Admin, Georgia State University
  - Certified Public Accountant
  - Son of a college basketball coach

- Falcons career
  - 2011 is 17th season with the club
  - Started as finance intern while at GSU
  - Worked on “sell side” when Arthur Blank purchased team in 2002
  - Promoted to VP-Finance in 2002 and CFO in 2003

- How do I get your job?
  - There is no “one path” to a career in sports
  - The executives at the Falcons and other NFL teams all have different stories and backgrounds
Introduction - Falcons Finance & Admin

- Finance
  - Financial Statements
  - Budgeting/Cash Flow
  - Player contract structure
  - Banking/Insurance Relationships
  - Payroll/Tax/Audits
  - NFL Reports - Salary Cap Year-End Reporting

- Administration
  - Facilities / Training Camp
  - Legal
  - Team Travel and Logistics

- Special Projects
  - New Stadium Project
  - Dome Renovations / Other Construction
  - NFL Committee on Club Best Practices
  - President, Atlanta Falcons Physical Therapy Centers
NFL Is the Premier Sports Property

- 71% of U.S. population are NFL fans
- Harris Interactive poll shows that 31% of U.S. population considers the NFL to be their favorite sport (including college football, football is 43% favorite overall)

Super Bowl Viewership

- The Super Bowl is the most-watched television program each year
- The Super Bowl makes up 9 of the most-watched television programs in U.S. history, including the #1 all-time (M*A*S*H finale is #3)

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

Super Bowl XLIV is the single most viewed program, attracting the largest total audience, exceeding the combined totals of major sports, Olympics, NCAA title games and major awards shows

Source: Nielsen, N*Power (based on total audience P2+, 6 minute); Super Bowl XLIII (NBC, 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)
Overall Viewership

- NFL HH ratings continue to grow while ratings averages for broadcast primetime programming (*NCIS*, *CSI*, *Dancing with the Stars*, *House*) and other major sports continue their downward trend.

- The NFL’s advantage over broadcast primetime reached a record high of +118% in ’09, more than double the advantage of +49% just 6 years ago.

- Regular season NFL ratings are 2 to 10 times higher than the averages of all other sports.
Competitive Balance

“On any given Sunday, any NFL team can beat another.”

- Pete Rozelle, former NFL Commissioner
Elite Athletes

- The NFL is home to some of the world’s finest athletes competing at the highest level of their sport.
Making the Team - Brutal Facts of Reality

- Jim Collins’ 2001 book, *Good to Great*

- Chapter 4 is entitled, “Brutal Facts of Reality”

- All great companies must face the brutal facts of their business

- So must football players!

- “Start with an honest and diligent effort to determine the truth of your situation”
Making the Team - Brutal Facts of Reality

- 1.1 million high school seniors
- 65,000 play college football
- 6,500 are scouted by NFL teams
- 256 players are drafted
- 200 make the team *
- 30 play beyond age 30

* Average career is 3.5 years
NFL Stadium Development

- From the 1950’s through early 1990’s, NFL (and other professional sports) stadia did not include a private investment component

- Teams played in publicly owned and financed stadiums and were tenants that collected ticket revenues and paid rent to a public authority

- The public sector bore all risk - construction, maintenance and operating costs
NFL Stadium Development

- This began to change in the mid 90’s as the public sector desired to minimize risk and team owners became more entrepreneurial.
- This was accomplished in most cases by passing construction and operating risk to the teams along with revenue upside.
- Teams have been able to generate higher overall revenues than the public sector by combining team assets with stadium assets.

<table>
<thead>
<tr>
<th></th>
<th>Old Model</th>
<th>New Model</th>
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<tbody>
<tr>
<td>Financing</td>
<td>Public</td>
<td>Public/Private</td>
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<tr>
<td>Operating Exp</td>
<td>Public</td>
<td>Team</td>
</tr>
<tr>
<td>Operating Revs</td>
<td>Public</td>
<td>Team</td>
</tr>
<tr>
<td>Cap Ex/Maint</td>
<td>Public</td>
<td>Team</td>
</tr>
</tbody>
</table>
NFL Stadium Development

- Since the Georgia Dome opened in 1992, 24 stadiums have been built or substantially renovated, which has dramatically changed League-wide economics.
- Each stadium project has been unique; each community assessed its own stadium needs (no “one size fits all” solution).
- Almost all modern stadium projects were 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 sync with cyclical trends for extended periods (once every 25-30 year “reset” to market).
## 24 Stadium Projects Built or Substantially Renovated Since Georgia Dome Opened (25 of 32 teams)

<table>
<thead>
<tr>
<th>NFL Season</th>
<th>Cum. Total</th>
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<tbody>
<tr>
<td>1995</td>
<td>2</td>
</tr>
<tr>
<td>1996</td>
<td>3</td>
</tr>
<tr>
<td>1997</td>
<td>4</td>
</tr>
<tr>
<td>1998</td>
<td>6</td>
</tr>
<tr>
<td>1999</td>
<td>8</td>
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<tr>
<td>2000</td>
<td>9</td>
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<td>2001</td>
<td>11</td>
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<tr>
<td>2002</td>
<td>15</td>
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<td>2003</td>
<td>18</td>
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<td>2004</td>
<td>18</td>
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<td>2007</td>
<td>19</td>
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<tr>
<td>2008</td>
<td>21</td>
</tr>
<tr>
<td>2009</td>
<td>22</td>
</tr>
<tr>
<td>2010</td>
<td>24</td>
</tr>
</tbody>
</table>

- **20 New**
- **4 Renovations**
NFL Dome Stadium History

A Useful Life Analysis

<table>
<thead>
<tr>
<th>Team</th>
<th>Current Stadium</th>
<th>Opened</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ACTIVE DOMED STADIUMS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Detroit Lions</td>
<td>Ford Field</td>
<td>2002</td>
<td>8</td>
</tr>
<tr>
<td>St. Louis Rams</td>
<td>Edward Jones Dome</td>
<td>1995</td>
<td>15</td>
</tr>
<tr>
<td>Atlanta Falcons</td>
<td>Georgia Dome</td>
<td>1992</td>
<td>18</td>
</tr>
<tr>
<td>Minnesota Vikings</td>
<td>HH Humphrey Metrodome</td>
<td>1982</td>
<td>28</td>
</tr>
<tr>
<td>New Orleans Saints</td>
<td>Louisiana Superdome</td>
<td>1975</td>
<td>35</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td></td>
<td></td>
<td>20.8</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Team</th>
<th>Current Stadium</th>
<th>Opened</th>
<th>Age</th>
</tr>
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<tbody>
<tr>
<td><strong>RETIRED DOME STADIUMS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indianapolis Colts</td>
<td>RCA Dome</td>
<td>1984</td>
<td>24</td>
</tr>
<tr>
<td>Seattle Seahawks</td>
<td>The Kingdome</td>
<td>1976</td>
<td>26</td>
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<tr>
<td>Detroit Lions</td>
<td>Pontiac Silverdome</td>
<td>1975</td>
<td>27</td>
</tr>
<tr>
<td>Houston Oilers</td>
<td>Astrodome</td>
<td>1968</td>
<td>28</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td></td>
<td></td>
<td>26.25</td>
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- Georgia Dome in 2016/2017 24/25
- Falcons moved from Atlanta Fulton County Stadium after 26 seasons
NFL Public/Private Partnership Stadiums –
Structure Summary
*Modern Era (1995 – Present)*

<table>
<thead>
<tr>
<th>Owns Facility</th>
<th>Controls Daily Operations</th>
<th>Number</th>
<th>Public % Contribution</th>
<th>% Revenue to Team</th>
<th>% Operating Exp Paid by Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authority</td>
<td>Authority</td>
<td>6</td>
<td>80%</td>
<td>95%</td>
<td>8%</td>
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<tr>
<td>Authority</td>
<td>Team</td>
<td>13</td>
<td>66%</td>
<td>98%</td>
<td>76%</td>
</tr>
<tr>
<td>Team</td>
<td>Team</td>
<td>5</td>
<td>13%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
# Atlanta Professional Sports Venue Landscape

## Atlanta Sports Venues – Financing and Lease Summaries ($ in Millions)

<table>
<thead>
<tr>
<th>Venue</th>
<th>Georgia Dome</th>
<th>Turner Field</th>
<th>Philips Arena</th>
</tr>
</thead>
<tbody>
<tr>
<td>Team(s)</td>
<td>Atlanta Falcons</td>
<td>Atlanta Braves</td>
<td>Hawks/Thrashers</td>
</tr>
<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>Controls Development</td>
<td>Public</td>
<td>Team</td>
<td>Team</td>
</tr>
<tr>
<td>Controls Revenues</td>
<td>Public</td>
<td>Team</td>
<td>Team</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>Public</td>
<td>Team</td>
<td>Team</td>
</tr>
<tr>
<td>CapEx Responsibility</td>
<td>Public</td>
<td>Team</td>
<td>Team</td>
</tr>
</tbody>
</table>
Public Financing

- The public sector has used a variety of financing sources to fund their share of stadium development:
  - Hotel taxes
  - Car rental taxes
  - Stadium use taxes
  - Admission / ticket taxes
  - Restaurant taxes
  - Sales tax increases
  - TIFs / TADs

- Tourism / visitor based taxes that do not increase burden on local community and provide for other community services and benefits have been successful
Private Financing

The NFL and its teams have used these types of financing vehicles for their private investment in stadium development:

- Stadium revenue backed financing
- NFL G-3 Program and other team shared financing
- Owner equity
- Personal seat licenses
Atlanta / Fulton County Hotel-Motel Tax

- Tax is a “visitor” tax designed to support entities/venues that can generate positive economic impact for the City/County

- Currently benefits many of Atlanta’s institutions and economic generators for the area:

  - Georgia Dome: 39%
  - City of Atlanta /Fulton County General Funds: 29%
  - Atlanta Convention and Visitors Bureau: 22%
  - Georgia World Congress Center: 10%

- Past Legislative session resulted in an extension of the Tax through 2050 for a “successor” facility to Dome
Challenges

- The NFL must work out a labor agreement with our players that is beneficial to both parties and allows for future growth of the game through investment.

- It is an ongoing challenge to keep stadiums full on game days. For the game to be exciting on TV, the stadium must be full and energetic.
  - Our compelling television product and lower priced technology allow fans to create their own “sports bar” at home.
  - We must question the value proposition we provide fans on game days.
Challenges

- 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 are based on the average Club’s revenues

- The NFL can not become complacent with its current position as the leading professional sports league
  - Continuous innovation of technology, in-game experience, broadening fan base (domestically and internationally) and more are all required