# EXHIBIT 38

**Case No. C 07 0943 WHA**

**Parrish v. National Football League Players Association, et al.**

**Duff & Phelps Capital Markets Co.**

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January 13, 1995

Mr. Douglas F. Allen
Assistant Executive Director
National Football League Players Association
2021 L Street, N.W., Suite 600
Washington, DC 20036

Dear Doug:

Enclosed is the signed opinion relating to our analysis of the licensing operations. It has been a pleasure working with you on this engagement. I hope we can keep in touch in the future.

Sincerely,

Dave

David M. Cooper

Enclosure

cc: S. Saxon (w/ enclosure) ✓

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Duff & Phelps Capital Markets Co.

January 13, 1995

Mr. Douglas F. Allen
Assistant Executive Director
National Football League Players Association
2021 L Street, N.W.
Suite 600
Washington, DC 20036

Dear Mr. Allen:

Duff and Phelps Capital Markets Co. (formerly, Duff & Phelps Financial Consulting Co.) ("D&P") has been engaged to provide certain financial advice in connection with a transaction (the "Transaction") pursuant to which the National Football League Players Association ("NFLPA") has granted to National Football League Players Incorporated ("Players Inc"), a newly established for-profit subsidiary of NFLPA, certain licensing rights and the proceeds from certain existing contracts. Specifically, D&P has been asked to opine as to (i) the fair market value of NFLPA's licensing operations; (ii) whether the royalty percentage intended to be paid by Players Inc to NFLPA is equal to arm's-length compensation for the use of the licensed rights; (iii) whether the royalty percentage initially established for determining the payments by Players Inc to eligible players as a group results in arm's-length compensation for the use of the rights and licenses granted by the players under the group licensing authorizations ("GLAs"); and (iv) whether the expectation of income to be generated by Players Inc for conducting the licensing operations constitutes a market return.

Description of the Transaction

NFLPA has organized Players Inc for the purpose of operating a business of utilizing certain intangible rights, including the names and likenesses of professional football players. In particular, it is intended that Players Inc will conduct NFLPA's licensing activities, including the continuation of existing operations and the pursuit of related new business opportunities (collectively, the "Licensing Operations") that might not otherwise be permissible for NFLPA to enter into as a tax-exempt organization. The Transaction is documented in two principal agreements: an agreement (the "Licensing Agreement") between NFLPA and Players Inc made effective as of May 9, 1994 which established the terms of the grant of license; and a shareholders agreement (the "Shareholders Agreement") made effective as of May 9, 1994 by and among NFLPA and the Professional Athletes Foundation ("PAF") which, among other things, sets forth the consideration contributed to Players Inc to capitalize the new company. The relevant terms of the Shareholders

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Agreement provide that Players Inc will be capitalized with (i) $2,439,500[a] cash contributed by NFLPA; (ii) the right to certain payments received by NFLPA (or the present value thereof) from NFL Properties pursuant to certain provisions, which relate to the Licensing Operations, of the Settlement Agreement dated May 6, 1993; (iii) $144,885.92 in fixed assets contributed by NFLPA; and (iv) $10,500 cash contributed by PAF.

The principal terms of the Licensing Agreement are as follows:

- NFLPA has granted Players Inc the exclusive worldwide right, license and privilege of utilizing, including the right to sublicense, the name "National Football League Players" (including variations and abbreviations of the name), logos using the name, and GLAs secured from professional football players by the NFLPA (collectively with the name and logo, the "Licensed Rights").

- NFLPA has licensed its existing licensing contract base to Players Inc and has directed existing third party licensees to make payments to Players Inc.

- With the limited exception of activities which, generally defined, adversely impact the goodwill associated with NFLPA's name and the logo, Players Inc has full discretion as to how the Licensed Rights are to be used.

- The agreement continues until February 28, 1999. It will automatically be renewed thereafter unless terminated in writing by one of the parties.

- There are no up-front or minimum payments by Players Inc to NFLPA in consideration for the grant of the rights. Players Inc will pay NFLPA royalties based on the gross licensing revenues (as defined in the Licensing Agreement) actually received according to the following schedule.

  - 40% of gross licensing revenues up to $35 million
  - 35% of gross licensing revenues between $35 million and $40 million
  - 30% of gross licensing revenues above $40 million

- Players Inc has agreed to pay royalties initially equal to an aggregate 37% of gross licensing revenues (but not less that $8 million for the fiscal year ending February 28, 1995) to players who meet eligibility requirements as consideration for players' granting their group licensing rights directly or indirectly to Players Inc. This royalty percentage may be revised periodically to reflect changes in market conditions.

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a We understand that subsequent to the formation of Players Inc, NFLPA made an additional capital contribution of $1.5 million to Players Inc. This contribution is intended to enable a newly formed subsidiary of Players Inc to purchase the building where both Players Inc and NFLPA (as well as a number of unrelated tenants) are located without draining Players Inc of the working capital it requires to operate. Since the building purchase is unrelated to the Licensing Operations, we analyzed the Licensing Operations before the impact of the building transaction. Accordingly, we have assumed that the building purchase is a fair market value transaction and have not considered the incremental $1.5 million capital contributed to effect the transaction, the savings in rental expense available to Players Inc, or the rental income from owning the building and associated expenses in our analysis.

Scope of Analysis

In connection with our analysis, we have reviewed certain information relating to the Licensing Operations including, among other things: historical financial statements for the NFLPA for the years ended February 28, 1993 and 1994 and supporting information regarding the revenues and estimated costs associated with the Licensing Operations; schedules and analyses prepared by management of the Licensing Operations detailing the revenues earned by client over the past five years; schedules summarizing the material terms of licensing agreements with existing licensees including the rights licensed, the original license and renewal periods, royalty rates and guaranteed royalty payments; a form of a generic licensing agreement currently used by the Licensing Operations and copies of licensing agreements with the Licensing Operation's largest clients; analyses performed by NFLPA's outside accountants, Thomas Havey & Co., of estimated historical expense allocation within NFLPA and projected expenses which would be incurred by Players Inc given specified volumes of business; management's projections for FY 1994 and FY 1995 of the revenues associated with various segments of the existing licensing operations; management's forecasts of revenues expected to be generated from identified new business opportunities for the years FY 1995 through FY 2004; a form of the GLA used to obtain the group licensing rights from players; the Settlement Agreement by and among NFLPA, National Football League Properties, Players Inc, National Football League and National Football League Management Council, samples and promotional material describing the licensing program, a listing of the current roster of players which have signed GLAs, documents outlining the structure of Players Inc, including management, board composition and ownership structure and intended scope of operations as well as certain other industry information, internal data, and analyses prepared by or on behalf of management. Additionally, we reviewed certain documents related specifically to the formation of Players Inc and the Transaction including the Licensing Agreement, the Shareholders Agreement, and Players Inc's corporate Charter and Bylaws. We also held discussions with management and its advisors regarding the past and current operations of the licensing business, the business rationale for the Transaction, the nature and potential of the incremental business opportunities available to a taxable entity, the intended staffing and expense requirements necessary to achieve the projected levels of licensing activities (including expected tax treatment and rates applicable to Players Inc), alternatives to the Transaction for the NFLPA and certain financial requirements or expectations for the Transaction from the perspective of the NFLPA as grantor of the licensing rights.

In addition, we reviewed certain industry information relating to the sports licensing business and the businesses of certain key client groups as well as relevant financial and operating information for specific publicly traded companies which we deemed comparable. in whole or part. Industry information and data on public companies used in our analysis were obtained from regularly published industry and investment sources. We did not independently verify the information obtained from management and its advisors nor that obtained from investment sources.

Our analysis assumes the accuracy and completeness of the information and representations furnished to us. Among other things, we have specifically relied on (i) the estimated expense allocations and projections as being reasonably prepared and that the policies and procedures for allocating the actual expenses to Players Inc will be consistent with those employed in preparing the estimates; (ii) the representation by NFLPA that it can and will continue to provide sufficient Group Licensing Rights (as defined in the Licensing Agreement) to Players Inc for it to effectively pursue its business plan; (iii) the representation that the projections provided to us by management represent their best current estimates of the revenue that will be generated by the Licensing Operation; and (iv) the assumption that the portion of the Settlement Agreement related to licensing revenue will be contributed to Players Inc as represented. Notwithstanding this, we have made our own independent judgments respecting the reasonableness of certain elements of the financial forecasts provided to us.

Valuation

We have valued the Licensing Operations as a going concern (i.e., we have not assessed the value over a limited term such as the term of the Licensing Agreement), on a controlling interest basis operated as a taxable entity. Additionally, as requested, we performed the valuation analysis before consideration of the royalty liabilities to either NFLPA or the players. In other words, the valuation of the Licensing Operation set forth below represents the value of the combined Licensed Rights without regard to the royalty payments which will be incurred or any liabilities which might arise to finance the entity.

In arriving at our valuation conclusions, we applied methodologies which are generally accepted in the financial community. In general, to determine the value of the Licensing Operation, we relied on a discounted cash flow methodology. Due to the unique nature of the asset, we did not rely in significant part on a comparable company or control transaction analysis although we did assess the overall reasonableness of our conclusion by determining the multiples of various performance measures implied by the valuation as compared to publicly held corporations engaged in the licensing and sale of sports merchandise.

The discounted cash flow analysis, which is included as Appendix A, was based on forecasted revenues, operating expenses, capital investment and working capital requirements of the Licensing Operation. The annual cash flows indicated by the forecasts were then discounted at a costs of capital deemed appropriate for a company with comparable business and financial risk as the Licensing Operation. The analysis of the Licensing Operation considered the valuation as the sum of the (i) value of the existing or core business (with its projected costs), including expected contract renewal and business expansion within the current lines; (ii) the value associated with the revenues expected from the new business less the incremental costs associated with the pursuit of that business; and (iii) the value of the expected proceeds from the portion of the settlement with NFL Properties which has been contributed to Players Inc. Our analysis of the forecasts was based principally on a review of the historical performance of the Licensing Operations, discussions with members of management and our review of pertinent publicly available information.

The enterprise value of the continuing operations of the Licensing Operation is in the range of $123.0 million to $137.6 million when using cost of equity between 14.5% and 15.5% to discount the future cash flows associated with the core business and 25% to 30% for the new business. These discount rates represent the rates of return that equity investors would demand while investing in companies with comparable operating and financial risk profiles. An estimate of the equity rate of return for the core business was made utilizing the Capital Asset Pricing Model, which takes into account the individual business risk as compared to estimates of market and risk free rates. The discount rate for the new business reflects estimates of the rate appropriate for venture capital type investments with comparable stages of development and risk. The value of the settlement revenue was assessed based on the expected stream of payments from NFL Properties to NFLPA pursuant to the Settlement Agreement.

Market Return to Players Inc

The determination of whether the income expected to be generated by Players Inc for conducting the licensing operations constitutes a market return was based on an analysis of the economic income implied by the forecasts described in the valuation section above compared to various measures of economic investment. In addition to the net income expected to be earned by Players Inc, the funds that are expected to be received from the contribution of settlement proceeds from NFL Properties were considered as economic income for purposes of this analysis even though for accounting and tax purposes they will be considered capital contributions. This reflects the fact that the settlement money (i) is directly related to the business of the Licensing Operations; (ii) is expected to be paid over time at levels which are at least in part determined by the comparative success of the Licensing Operations; and (iii) would not be paid in the absence of Players Inc assuming the business of the Licensing Operations. Given the nature of the Transaction and the Licensing Operations, the initial investment required to operate the business is minimal. Therefore, in addition to determining the market return compared to the initial economic investment (or concepts analogous to internal rate of return), we also considered the annual income as a percentage of annual costs employed in generating the income. This analysis is included as Appendix B. As shown, three definitions of costs were considered: (1) the annual operating costs before payment of royalties; (2) the annual operating costs plus payments to players; and (3) annual operating costs plus all royalty payments. Arguably the most relevant definition is (1) above since the royalty payments are totally variable (with the limited exception of the minimum payment to the players for 1995) and dependent only on the level of revenues generated. As such, Players Inc is not at risk with regard to these payments. The royalties are equivalent economically to reductions in the revenues received by Players Inc per unit of service rather than costs incurred by it. Nonetheless, as shown in Appendix B, the expected returns (or "mark-ups") on costs incurred are strong throughout the period of the Licensing Agreement based on all three definitions. Even if Players Inc does not receive the settlement proceeds from NFL Properties, the returns fall within a range of reasonable arm's-length returns.

In evaluating the adequacy of the return to Players Inc, we also considered the following factors:

- Qualitative assessment of the relative "bargaining power" in a hypothetical negotiation between and among the players, Players Inc and NFLPA. In this case, Players Inc's contribution is limited to the ongoing marketing services and management of the operations. Compared to the unique nature of the initial rights granted by the players and the unique position of the NFLPA in aggregating the rights and having built the "goodwill" associated with the logos and the Licensing Operations, the marketing and management services are fairly easily replaced.

- The "minimum" levels of cash NFLPA and the players expect and should reasonably expect to earn as royalties.

- The absolute levels and composition of costs expected to be borne in establishing and sustaining Players Inc relative to the revenues currently being generated by the Licensing Operations as well as the resulting limited risk of sustained material loss by Players Inc.

Players' Royalties

It is clear that the rights and licenses granted by the players in the GLAs have substantial value and that the Licensing Operations could not exist in its expected form without the player rights. The determination of whether the royalty percentage initially established in the Licensing Agreement for determining the payments by Players Inc to eligible players as a group results in arm's-length compensation for the use of the rights and licenses under the GLAs is based on an assessment of the absolute level of expected payments and the appropriate sharing of the economic profits from the Licensing Operations with the other parties (namely, Players Inc and NFLPA). This judgment balances the business need to pay players sufficient amounts to motivate their continued granting of group licensing rights to the NFLPA (and, indirectly, to Players Inc) with the desire not to make excessive payments. Because historical levels of royalty payments made to the players reflect this balance, we have given significant weight to those payments in determining the arm's-length nature of the player royalties. Assuming reasonable satisfaction with the payments as indicated by management and as demonstrated by the continued re-granting of rights by the players, this level reflects the rate at which an arm's-length transaction would reasonably have occurred in the past. Having earned such levels in recent years, it is reasonable that the players would view a comparable amount as the minimum level of player royalties that would be reasonable given the current business and would adjust their expectations to reflect any expected growth.

Further, we believe that the rights are worth more if granted to NFLPA (and thus indirectly to Players Inc) than to a hypothetical third party who might attempt to solicit players' group rights. As such, the historical levels of player payments also reflect a reasonable estimate of the maximum level of player payments which would have resulted from arm's-length negotiations. Our belief that the rights are worth more in the hands of the NFLPA than a third party is supported by a number of factor. First, the GLAs do not have uniform expiration dates which means that, given the established base of group rights held by the NFLPA, a third party would have a difficult time acquiring enough group rights to achieve the mass desirable by external licensees without incurring substantial costs. In fact, the NFLPA seeks to periodically renew the rights through a variety of means even prior to their contractual expiration. The NFLPA also has existing contracts and long term relationships with the most profitable segments of the external group licensee market such as trading card companies. Additionally, the NFLPA has aggressively protected its exclusive rights to group licensing as evidenced by the litigation with NFL Properties. Such a posture provides a further disincentive for prospective third parties to compete for the group rights. Finally, even in situations where select groups have withheld their group rights from NFLPA, there has been a recognition that granting limited rights for the principal activities being pursued by the Licensing Operations is advantageous to the players within the smaller groups. As a result of these factors, it is unlikely that, absent growth in the Licensing Operations, there would be sustainable pressure in an arms-length negotiation to materially raise the level of player payments from the historical level.

 

Although we believe that, based on the discussion above, the historical levels of player royalties will remain the appropriate benchmark for determining the players' arm's-length share of the total royalty pool in the future, the provisions in the Licensing Agreement which allow the NFLPA and Players Inc to periodically raise or lower the royalty rate to reflect changes in market conditions provides a self-adjusting mechanism to assure arm's-length payments in the future.

NFLPA Royalty

The determination of whether the royalty percentage intended to be paid by Players Inc to NFLPA is equal to arm's-length compensation for the use of the Licensed Rights is based on an analysis of the royalty percentage that would result from negotiations between unrelated licensor and licensee of the Licensed Rights. In a hypothetical negotiation with a third party management of the Licensing Operations, the NFLPA would likely establish minimum expectations of the funds it would have to receive in order to motivate it to license its existing rights which are at least consistent with the Transaction. In the hypothetical negotiations, NFLPA would have the opportunity to either continue managing the Licensing Operations on a status quo basis and earn 100% of the net proceeds from a smaller entity or to seek alternative managers. Based on the minimal costs associated with acquiring the Licensed Rights and running the Licensing Operations relative to the returns available to a third party manager described above combined with the lack of unique assets or expertise required to manage the Licensing Operations, it is reasonable that the NFLPA would be able to negotiate a royalty percentage with a third party manager which is as favorable as it has established with Players Inc. In addition, because of NFLPA's unique marketing position with respect to the player rights, as discussed in the player royalty discussion above, NFLPA is likely to be in a better negotiating position with respect to a potential third party manager than a third party attempting to enter the market would be. In addition to the level of the base royalty percentage, the structure which provides for a scaling down of the royalty percentage at higher revenue levels gives added incentive for Players Inc to aggressively pursue avenues of growth which ultimately benefit all parties associated with the Transaction.

We recognize that there is to some extent a natural tension between the player and NFLPA royalty amounts since those amounts are paid out of the limited pool of gross licensing revenue after taking into account the need for Players Inc to earn an arm's-length return. Since, with respect to the limited available pool, the interests of the NFLPA and the players are largely independent, this tension, coupled with the fact that Players Inc and the players are receiving arm's-length returns or compensation, is yet another indication of the arm's-length nature of the NFLPA royalty.

Conclusion

Based on the foregoing including the qualifications and assumptions set forth therein, it is our opinion that (i) the fair market value of NFLPA's Licensing Operations as of May 9, 1994 was in the range of $123.0 to $137.6 million;. (ii) the royalties based on the percentages of gross licensing revenues scheduled in the Licensing Agreement to be paid by Players Inc to NFLPA are equal to arm's-length compensation for the use of the licensed rights; (iii) the 37% royalty percentage initially established for determining the payments by Players Inc to eligible players as a group results in arm's-length compensation for the use of the rights and licenses granted by the players under the GLAs; and (iv) the expectation of income to be generated by Players Inc constitutes a market return for conducting the Licensing Operations. The opinions set forth herein are for the benefit of the NFLPA and Players Inc and may not be relied on by other entities without the written consent of D&P.

Sincerely,

Duff & Phelps Capital Markets Co.

Duff & Phelps Capital Markets Co.

APPENDIX A

**NFL PLAYERS INC.**
**DISCOUNTED CASH FLOW ANALYSIS**
**VALUATION SUMMARY**

| | Required Return on Capital | | |
|---|---|---|---|
| | 14.5% | 15.0% | 15.5% |
| Value of Core Business | $116,600,000 | $110,800,000 | $105,500,000 |
| | 25.0% | 27.5% | 30.0% |
| Value of New Business | 13,700,000 | 11,900,000 | 10,400,000 |
| Enterprise Value excluding Settlement | 130,300,000 | 122,700,000 | 115,900,000 |
| NFL Settlement less Licensing Fees | 7,300,000 | 7,200,000 | 7,100,000 |
| Enterprise Value Including Settlement | 137,600,000 | 129,900,000 | 123,000,000 |
| Enterprise Value/Consolidated 1995 Proj Operating Cash Flow | 7.6x | 7.1x | 6.7x |
| Consolidated CAGR 1990 to 1994 | | 32.1% | |
| Consolidated CAGR 1994 to 1999 | | 13.0% | |
| Consolidated CAGR 1994 to 2004 | | 9.5% | |
| Terminal Value Growth Rate | | 5.0% | |

NFL PLAYERS INC.
CORE BUSINESS
PROJECTED FINANCIAL STATEMENTS
FOR THE YEARS ENDING FEBRUARY 28,

| INCOME STATEMENT ASSUMPTIONS | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| Core Business Revenue Growth: | | | | | | | | | | |
| Trading Cards | 4.9% | 5.0% | 7.0% | 7.0% | 7.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Video, Computer and Card Game Revenue | 1.3% | 15.0% | 15.0% | 15.0% | 10.0% | 10.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Other | 119.4% | 15.0% | 15.0% | 10.0% | 10.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Total Revenue Growth exclud Non Cash Endorsement | 8.4% | 7.5% | 9.1% | 8.8% | 7.9% | 6.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Operating Expenses: | | | | | | | | | | |
| Expenses/Growth Rate(%) | NA | 18.3% | 9.1% | 8.8% | 7.9% | 6.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Salary Expense/Growth Rate (%) | NA | 11.9% | 5.4% | 9.3% | 7.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Total Operating Expense Growth | NA | 17.0% | 7.0% | 8.4% | 7.1% | 5.5% | 5.0% | 5.0% | 5.0% | 5.0% |
| Amortization | $0 | $125,000 | $125,000 | $125,000 | $125,000 | $125,000 | $125,000 | $0 | $0 | $0 |
| Federal Tax Rate | 35.0% | 35.0% | 35.0% | 35.0% | 35.0% | 35.0% | 35.0% | 35.0% | 35.0% | 35.0% |
| State Tax Rate (after Federal deduction) | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% |
| *Margin Analysis (% of sales)* | | | | | | | | | | |
| OIBD Margin | 78.8% | 77.0% | 77.4% | 77.5% | 77.6% | 77.8% | 77.8% | 77.8% | 77.8% | 77.8% |
| EBIT Margin | 78.2% | 75.8% | 76.3% | 76.5% | 76.7% | 76.8% | 76.8% | 77.2% | 77.2% | 77.2% |
| **FIXED ASSET ASSUMPTIONS** | | | | | | | | | | |
| Sales/Average Net Fixed Assets | 26.7 | 27.7 | 29.0 | 29.9 | 30.4 | 30.5 | 30.3 | 30.1 | 30.0 | 29.9 |
| Average Net Fixed Assets | $760,167 | $786,103 | $821,605 | $865,849 | $916,970 | $971,392 | $1,027,107 | $1,084,416 | $1,143,598 | $1,204,913 |
| Capital Expenditures | $142,044 | $152,630 | $166,519 | $181,178 | $195,430 | $207,250 | $217,613 | $228,494 | $239,918 | $251,914 |
| Depreciation | $121,355 | $126,695 | $131,017 | $136,934 | $144,308 | $152,828 | $161,899 | $171,184 | $180,736 | $190,600 |
| **PRO FORMA WORKING CAPITAL ASSUMPTIONS (End of Year)** | | | | | | | | | | |
| Accounts Receivable Days Revenues | 60.0 | 60.0 | 60.0 | 60.0 | 60.0 | 60.0 | 60.0 | 60.0 | 60.0 | 60.0 |
| Accounts Payable & Accrued Expenses Days Expenses | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 |
| **PRO FORMA WORKING CAPITAL BALANCES (End of Year)** | | | | | | | | | | |
| Accounts Receivable | 3,335,671 | 3,584,268 | 3,910,436 | 4,254,671 | 4,589,344 | 4,866,938 | 5,110,285 | 5,365,799 | 5,634,089 | 5,915,793 |
| Accounts Payable & Accrued Expenses | 529,335 | 619,180 | 662,757 | 718,495 | 769,747 | 812,101 | 852,706 | 895,342 | 940,109 | 987,114 |
| Net Working Capital | 2,806,336 | 2,965,089 | 3,247,679 | 3,536,175 | 3,819,597 | 4,054,836 | 4,257,578 | 4,470,457 | 4,693,980 | 4,928,679 |
| % Sales | 13.8% | 13.6% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% | 13.7% |
| **CHANGES IN WORKING CAPITAL ITEMS** | | | | | | | | | | |
| Accounts Receivable Increase (Decrease) | 3,335,671 | 248,597 | 326,167 | 344,235 | 334,674 | 277,594 | 243,347 | 255,514 | 268,290 | 281,704 |
| Accounts Payable (Increase) Decrease | (529,335) | (89,844) | (43,577) | (55,738) | (51,252) | (42,354) | (40,605) | (42,635) | (44,767) | (47,005) |
| Net Change in Working Capital | 2,806,336 | 158,753 | 282,590 | 288,496 | 283,422 | 235,239 | 202,742 | 212,879 | 223,523 | 234,699 |
| Change in Working Capital/Change in Sales | 179.3% | 10.5% | 14.2% | 13.8% | 13.9% | 13.9% | 13.7% | 13.7% | 13.7% | 13.7% |

NFL PLAYERS INC.
CORE BUSINESS
PROJECTED FINANCIAL STATEMENTS
FOR THE YEARS ENDING FEBRUARY 28,

| INCOME STATEMENT | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Core Business Revenue: | | | | | | | | | | | |
| Trading Cards | 14,599,605 | 15,315,000 | 16,080,750 | 17,206,403 | 18,410,851 | 19,699,610 | 20,684,591 | 21,718,820 | 22,804,761 | 23,944,999 | 25,142,249 |
| Video, Computer and Card Game Revenue | 3,454,180 | 3,500,000 | 4,025,000 | 4,628,750 | 5,323,063 | 5,855,369 | 6,440,906 | 6,762,951 | 7,101,098 | 7,456,153 | 7,828,961 |
| Other | 673,115 | 1,477,000 | 1,698,550 | 1,953,333 | 2,148,666 | 2,363,532 | 2,481,709 | 2,605,794 | 2,736,084 | 2,872,888 | 3,016,533 |
| Total Core Business Revenue | 18,726,899 | 20,292,000 | 21,804,300 | 23,788,485 | 25,882,579 | 27,918,511 | 29,607,205 | 31,087,566 | 32,641,944 | 34,274,041 | 35,987,743 |
| Operating Expenses | | 2,573,716 | 3,098,568 | 3,348,870 | 3,613,297 | 3,873,993 | 4,099,057 | 4,304,010 | 4,519,210 | 4,745,171 | 4,982,430 |
| Salary Expense | | 1,719,782 | 1,923,667 | 2,026,823 | 2,214,497 | 2,369,512 | 2,487,987 | 2,612,387 | 2,743,006 | 2,880,156 | 3,024,164 |
| Total Operating Expenses | | 4,293,498 | 5,022,235 | 5,375,694 | 5,827,794 | 6,243,505 | 6,587,045 | 6,916,397 | 7,262,217 | 7,625,327 | 8,006,594 |
| *Operating Income bef. Depreciation (OIBD)* | | 15,998,502 | 16,782,065 | 18,412,791 | 20,054,785 | 21,675,006 | 23,020,161 | 24,171,169 | 25,379,727 | 26,648,714 | 27,981,149 |
| Depreciation and Amortization | | 121,355 | 251,695 | 256,017 | 261,934 | 269,308 | 277,828 | 286,899 | 171,184 | 180,736 | 190,600 |
| *Earnings before Interest and Taxes (EBIT)* | | 15,877,147 | 16,530,370 | 18,156,774 | 19,792,851 | 21 405,698 | 22,742,332 | 23,884,270 | 25,208,543 | 26,467,978 | 27,790,550 |
| Income Tax Provision | | 6,176,210 | 6,430,314 | 7,062,985 | 7,699,419 | 8,326,817 | 8,846,767 | 9,290,981 | 9,806,123 | 10,296,043 | 10,810,524 |
| *Net Operating Profit After Tax - Core Business* | | $ 9,700,937 | $ 10,100,056 | $ 11,093,789 | $ 12,093,432 | $ 13,078,882 | $ 13,895,565 | $ 14,593,289 | $ 15,402,420 | $ 16,171,934 | $ 16,980,026 |

CASH FLOW STATEMENT: Sources/(Uses)

| | | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Net Operating Profit After Tax | | $9,700,937 | $10,100,056 | $11,093,789 | $12,093,432 | $13,078,882 | $13,895,565 | $14,593,289 | $15,402,420 | $16,171,934 | $16,980,026 |
| Depreciation and Amortization | | 121,355 | 251,695 | 256,017 | 261,934 | 269,308 | 277,828 | 286,899 | 171,184 | 180,736 | 190,600 |
| Net Change in Working Capital | | (2,806,336) | (158,753) | (282,590) | (288,496) | (283,422) | (235,239) | (202,742) | (212,879) | (223,523) | (234,699) |
| Capital Expenditures | | 142,044 | (152,630) | (166,519) | (181,178) | (195,430) | (207,250) | (217,613) | (228,494) | (239,918) | (251,914) |
| *Net Cash Flow - Existing Product Categories* | | $7,158,000 | $10,040,368 | $10,900,696 | $11,885,692 | $12,869,338 | $13,730,904 | $14,459,833 | $15,132,232 | $15,889,229 | $16,684,012 |
| *RATIOS:* | | | | | | | | | | | |
| Operating Margin Before Depr/Amort | | 78.8% | 77.0% | 77.4% | 77.5% | 77.6% | 77.8% | 77.8% | 77.8% | 77.8% | 77.8% |
| Operating Margin | | 78.2% | 75.8% | 76.3% | 76.5% | 76.7% | 76.8% | 76.8% | 77.2% | 77.2% | 77.2% |
| NOPAT Margin | | 47.8% | 46.3% | 46.6% | 46.7% | 46.8% | 46.9% | 46.9% | 47.2% | 47.2% | 47.2% |

DISCOUNTED CASH FLOW ANALYSIS - Core Business

| Required Return on Capital - Core Business | | 14.50% | 15.00% | 15.50% |
|---|---|---|---|---|
| Continuing Value (2004) based on perpetuity growth of | 5.0% | $184,402,241 | $175,182,129 | $166,840,123 |
| Present Value of Continuing Value | | 52,283,420 | 47,694,935 | 43,625,864 |
| Present Value of FYE 1995-2004 Cash Flows | | 64,336,605 | 63,085,687 | 61,872,664 |
| Enterprise Value of Core Business | | $116,620,025 | $110,780,622 | $105,498,528 |

*IMPLIED VALUATION MULTIPLES @15.00% REQUIRED RETURN ON CAPITAL*

| | |
|---|---|
| Enterprise Value/ Est. 1995 OIBD: | 6.9x |
| 2004 Continuing Enterprise Value/ Est. 2004 OIBD: | 6.3x |

**NFL PLAYERS INC.**
**NEW BUSINESS**
**PROJECTED FINANCIAL STATEMENTS**
**FOR THE YEARS ENDING FEBRUARY 28,**

| INCOME STATEMENT ASSUMPTIONS | FY 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| New Business Revenue Growth: | NM | 111.1% | 47.5% | 32.1% | 18.8% | 17.3% | 10.0% | 8.0% | 6.0% | 5.0% |
| Incremental Operating Expenses (% Revenue) | 10.0% | 10.0% | 11.1% | 11.1% | 11.9% | 11.9% | 11.9% | 11.9% | 11.9% | 11.9% |
| Federal Tax Rate | 35.0% | 35.0% | 35.0% | 35.0% | 35.0% | 35.0% | 35.0% | 35.0% | 35.0% | 35.0% |
| State Tax Rate (after Federal deduction) | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% |
| **PRO FORMA WORKING CAPITAL ASSUMPTIONS (End of Year)** | | | | | | | | | | |
| Accounts Receivable Days Revenues | 60.0 | 60.0 | 60.0 | 60.0 | 60.0 | 60.0 | 60.0 | 60.0 | 60.0 | 60.0 |
| Accounts Payable Days Expenses | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 | 45.0 |
| **PRO FORMA WORKING CAPITAL BALANCES (End of Year)** | | | | | | | | | | |
| Accounts Receivable | $221,918 | $468,493 | $691,233 | $912,904 | $1,084,742 | $1,272,840 | $1,400,124 | $1,512,134 | $1,602,862 | $1,683,005 |
| Accounts Payable | 16,644 | 35,137 | 57,489 | 75,999 | 96,769 | 113,601 | 124,961 | 134,958 | 143,055 | 150,208 |
| Net Working Capital | $205,274 | $433,356 | $633,744 | $836,905 | $987,973 | $1,159,239 | $1,275,163 | $1,377,176 | $1,459,807 | $1,532,797 |
| **CHANGES IN WORKING CAPITAL ITEMS** | | | | | | | | | | |
| Accounts Receivable Increase (Decrease) | 221,918 | 246,575 | 222,740 | 221,671 | 171,838 | 188,098 | 127,284 | 112,010 | 90,728 | 80,143 |
| Accounts Payable (Increase) Decrease | (16,644) | (18,493) | (22,352) | (18,511) | (20,770) | (16,832) | (11,360) | (9,997) | (8,097) | (7,153) |
| Net Change in Working Capital | 205,274 | 228,082 | 200,388 | 203,161 | 151,069 | 171,266 | 115,924 | 102,013 | 82,631 | 72,990 |
| Change in Working Capital/Change in Sales | NM | 15.2% | 14.8% | 15.1% | 14.5% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% |

**NFL PLAYERS INC.**
**PROJECTED FINANCIAL STATEMENTS**
**FOR THE YEARS ENDING FEBRUARY 28,**

| INCOME STATEMENT | FY 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| New Business Revenues: | | | | | | | | | | |
| Electronic Arts Video Software | $1,000,000 | $1,000,000 | $1,250,000 | $1,437,500 | $1,653,125 | $1,901,094 | | | | |
| NFLPOA Golf Promotions | 0 | 50,000 | 75,000 | 100,000 | 110,000 | 121,000 | | | | |
| Gridiron Records | 0 | 35,000 | 35,000 | 38,500 | 42,350 | 46,585 | | | | |
| Gridiron Warriors | 0 | 0 | 100,000 | 125,000 | 143,750 | 165,313 | | | | |
| Gridiron Awards | 0 | 0 | 100,000 | 125,000 | 143,750 | 165,313 | | | | |
| Players Gear | 0 | 100,000 | 200,000 | 300,000 | 500,000 | 700,000 | | | | |
| Speakers Bureau | 0 | 35,000 | 50,000 | 65,000 | 71,500 | 78,650 | | | | |
| NFL Players Calling Club | 0 | 300,000 | 400,000 | 500,000 | 600,000 | 700,000 | | | | |
| World's Largest Super Bowl Party Stake | 50,000 | 55,000 | 60,500 | 66,550 | 73,205 | 80,526 | | | | |
| Commission on Player Payments | 0 | 200,000 | 220,000 | 242,000 | 266,200 | 292,820 | | | | |
| International Sales | 300,000 | 330,000 | 363,000 | 399,300 | 439,230 | 483,153 | | | | |
| Sega Channel | 0 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | | | | |
| Restaurant Chain Endorsement | 0 | 0 | 50,000 | 50,000 | 50,000 | 50,000 | | | | |
| Traveling Theme Park | 0 | 0 | 50,000 | 50,000 | 50,000 | 50,000 | | | | |
| Unidentified New Business | 0 | 645,000 | 1,151,500 | 1,954,650 | 2,355,740 | 2,808,658 | | | | |
| Net Incremental Business | 0 | 0 | 0 | 0 | 0 | 0 | 774,311 | 1,455,705 | 2,007,634 | 2,495,171 |
| Total New Business Revenue | 1,350,000 | 2,850,000 | 4,205,000 | 5,553,500 | 6,598,850 | 7,743,110 | 8,517,421 | 9,198,815 | 9,750,744 | 10,238,281 |
| Incremental Operating Expenses | 135,000 | 285,000 | 466,296 | 616,439 | 784,904 | 921,430 | 1,013,573 | 1,094,659 | 1,160,338 | 1,218,355 |
| *Operating Income bef. Depreciation (OIBD)* | 1,215,000 | 2,565,000 | 3,738,704 | 4,937,062 | 5,813,946 | 6,821,680 | 7,503,848 | 8,104,156 | 8,590,405 | 9,019,925 |
| Income Tax Provision | 472,635 | 997,785 | 1,454,356 | 1,920,517 | 2,261,625 | 2,653,633 | 2,918,997 | 3,152,517 | 3,341,668 | 3,508,751 |
| *Net Operating Profit After Tax - New Business* | $ 742,365 | $ 1,567,215 | $ 2,284,348 | $ 3,016,545 | $ 3,552,321 | $ 4,168,046 | $ 4,584,851 | $ 4,951,639 | $ 5,248,738 | $ 5,511,174 |

**CASH FLOW STATEMENT: Sources/(Uses)**

| | FY 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| Net Operating Profit After Tax | $742,365 | $1,567,215 | $2,284,348 | $3,016,545 | $3,552,321 | $4,168,046 | $4,584,851 | $4,951,639 | $5,248,738 | $5,511,174 |
| Net Change in Working Capital | (205,274) | (228,082) | (200,388) | (203,161) | (151,069) | (171,266) | (115,924) | (102,013) | (82,631) | (72,990) |
| *Net Cash Flow - New Business* | $537,091 | $1,339,133 | $2,083,960 | $2,813,384 | $3,401,252 | $3,996,781 | $4,468,927 | $4,849,626 | $5,166,107 | $5,438,184 |

| *Present Value Calculation* | | *Convention used: Mid-year* | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Valuation Date | | 0.40 | 1.31 | 2.31 | 3.31 | 4.31 | 5.31 | 6.31 | 7.31 | 8.31 | 9.31 |
| Present Value of Cash Flows @ | 25.00% | $473,120 | $999,996 | $1,244,956 | $1,344,570 | $1,300,419 | $1,222,489 | $1,093,523 | $949,342 | $809,036 | $681,316 |
| Present Value of Cash Flows @ | 27.50% | $467,717 | $974,413 | $1,189,320 | $1,259,297 | $1,194,065 | $1,100,498 | $965,099 | $821,423 | $686,296 | $566,620 |
| Present Value of Cash Flows @ | 30.00% | $462,460 | $949,963 | $1,137,180 | $1,180,934 | $1,098,227 | $992,705 | $853,827 | $712,740 | $584,041 | $472,923 |

**DISCOUNTED CASH FLOW ANALYSIS - New Business**

| Required Return on Capital - New Business | | 25.00% | 27.50% | 30.00% |
|---|---|---|---|---|
| Continuing Value (2004) based on perpetuity growth of | 5.0% | $28,550,466 | $25,378,192 | $22,840,373 |
| Present Value of Continuing Value | | 3,576,907 | 2,644,227 | 1,986,276 |
| Present Value of FYE 1995-2004 Cash Flows | | 10,118,767 | 9,224,748 | 8,444,998 |
| Enterprise Value of Core Business | | $13,695,674 | $11,868,976 | $10,431,274 |

*IMPLIED VALUATION MULTIPLES @ 27.50% REQUIRED RETURN ON CAPITAL*

| | |
|---|---|
| Enterprise Value/ Est. 1995 OIBD: | 9.8x |
| 2004 Continuing Enterprise Value/ Est. 2004 OIBD: | 2.8x |

## NFL PLAYERS INC.
## IMPLIED VALUATION RATIOS

### IMPLIED PRICE/EARNINGS RATIOS

| | Earnings | Equity Value $130,300,000 | $122,700,000 | $115,900,000 |
|---|---|---|---|---|
| Price/Pro Forma 1994 Net Income (1) | $8,744,660 | 14.9 | 14.0 | 13.3 |
| Price/ Latest 12 Months Net Income | NA | NA | NA | NA |
| Price/ Projected Fiscal 1995 Net Income | $10,443,302 | 12.5 | 11.7 | 11.1 |

### COMP. COMPANY P/E SUMMARY SUMMARY

| Median | High | Low |
|---|---|---|
| NA | NA | NA |
| 10.6 | 13.8 | 10.4 |
| 9.7 | 9.7 | 6.0 |

### IMPLIED VALUE/OPERATING CASH FLOW

| | Op. Cash Flow | Company Value $130,300,000 | $122,700,000 | $115,900,000 |
|---|---|---|---|---|
| Value/ Fiscal 1994 Pro Forma Operating Cash Flow (1) | $14,433,401 | 9.0 | 8.5 | 8.0 |
| Value/ Latest 12 Months' Operating Cash Flow | NA | NA | NA | NA |
| Value/ Projected Fiscal 1995 Operating Cash Flow | $17,213,502 | 7.6 | 7.1 | 6.7 |

### COMP. COMPANY VALUE/OCF SUMMARY

| Median | High | Low |
|---|---|---|
| NA | NA | NA |
| 7.4 | 9.5 | 5.2 |
| 4.8 | 6.3 | 4.4 |

### IMPLIED VALUE/EBIT

| | EBIT | Company Value $130,300,000 | $122,700,000 | $115,900,000 |
|---|---|---|---|---|
| Value/ Pro Forma Fiscal 1994 EBIT (2) | $14,312,046 | 9.1 | 8.6 | 8.1 |

### COMP. COMPANY VALUE/EBIT SUMMARY

| Median | High | Low |
|---|---|---|
| 7.0 | 10.5 | 5.6 |

### IMPLIED VALUE/SALES

| | Sales | Company Value $130,300,000 | $122,700,000 | $115,900,000 |
|---|---|---|---|---|
| Value/ Latest 12 Months Sales | $18,726,899 | 6.96 | 6.55 | 6.19 |

### COMP. COMPANY VALUE/SALES SUMMARY

| Median | High | Low |
|---|---|---|
| 1.09 | 1.13 | 0.81 |

(1) Pro Forma Net Income and Operating Cash Flow using projected fiscal 1995 operating expenses
(2) Pro Forma EBIT as compared to latest 12 months EBIT for comparable companies.

**NFL PLAYERS INC.**
**Projected Settlement Revenue**

| | | Projected 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Estimated Guaranteed Revenues | | 2,625,000 | 2,756,250 | 2,894,063 | 3,038,766 | 3,190,704 | 3,350,239 | 0 | 0 | 0 | 0 |
| Less: | | | | | | | | | | | |
| Associated Trading Card Royalties | | 1,065,000 | 1,118,250 | 1,196,528 | 1,280,284 | 1,369,904 | 1,438,400 | 0 | 0 | 0 | 0 |
| Net Settlement Proceeds | | 1,560,000 | 1,638,000 | 1,697,536 | 1,758,482 | 1,820,800 | 1,911,839 | 0 | 0 | 0 | 0 |
| *Present Value Calculation* | | *Assumed payments on 2/28* | | | | | | | | | |
| Valuation Date: | | 0.81 | 1.81 | 2.81 | 3.81 | 4.81 | 5.81 | 6.81 | 7.81 | 8.81 | 9.81 |
| Present Value of Cash Flows @ | 11.50% | $1,428,618 | $1,345,335 | $1,250,434 | $1,161,729 | $1,078,833 | $1,015,941 | $0 | $0 | $0 | $0 |
| Present Value of Cash Flows @ | 12.00% | $1,423,461 | $1,334,495 | $1,234,821 | $1,142,102 | $1,055,872 | $989,880 | $0 | $0 | $0 | $0 |
| Present Value of Cash Flows @ | 12.50% | $1,418,346 | $1,323,789 | $1,219,471 | $1,122,892 | $1,033,498 | $964,598 | $0 | $0 | $0 | $0 |

**DISCOUNTED CASH FLOW ANALYSIS**

| | | | | |
|---|---|---|---|---|
| Required Return on Capital | | 11.50% | 12.00% | 12.50% |
| Continuing Value (2004) based on perpetuity growth of | 5.0% | $0 | $0 | $0 |
| Present Value of Continuing Value | | 0 | 0 | 0 |
| Present Value of FYE 1995-2004 Cash Flows | | 7,280,890 | 7,180,630 | 7,082,594 |
| **Value of Settlement** | | $7,280,890 | $7,180,630 | $7,082,594 |

NFL PLAYERS INC.
PROJECTED CONSOLIDATED INCOME AND CASH FLOW STATEMENTS FOR LICENSING OPERATIONS
FOR THE YEARS ENDING FEBRUARY 28,
(Excluding Impact of Building Purchase)

| INCOME STATEMENT | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Consolidated Licensing Revenue | $18,726,899 | $21,642,000 | $24,654,300 | $27,993,485 | $31,436,079 | $34,517,361 | $37,350,315 | $39,604,987 | $41,840,759 | $44,024,785 | $46,226,024 |
| Operating Expenses | | 4,428,498 | 5,307,235 | 5,841,990 | 6,444,233 | 7,028,409 | 7,508,475 | 7,929,970 | 8,356,816 | 8,785,666 | 9,224,949 |
| Players' Royalty Expense | | 8,000,000 | 9,122,091 | 10,357,589 | 11,631,349 | 12,771,424 | 13,819,617 | 13,861,745 | 14,644,265 | 15,408,675 | 16,179,108 |
| Licensing Rights Payment | | 8,656,800 | 9,861,720 | 11,197,394 | 12,574,432 | 13,806,945 | 14,822,610 | 15,611,745 | 16,302,228 | 16,957,435 | 17,617,807 |
| Total Expenses | | 21,085,298 | 24,291,046 | 27,396,973 | 30,650,013 | 33,606,777 | 36,150,702 | 37,403,460 | 39,303,369 | 41,151,776 | 43,021,865 |
| *Operating Income bef. Depreciation (OIBD)* | | 556,702 | 363,254 | 596,512 | 786,065 | 910,584 | 1,199,614 | 2,201,526 | 2,537,390 | 2,873,009 | 3,204,159 |
| Depreciation and Amortization | | 121,355 | 251,695 | 256,017 | 261,934 | 269,308 | 277,828 | 286,899 | 171,184 | 180,736 | 190,600 |
| *Earnings before Interest and Taxes (EBIT)* | | 435,347 | 111,559 | 340,495 | 524,131 | 641,276 | 921,785 | 1,914,627 | 2,366,205 | 2,692,273 | 3,013,559 |
| Income Tax Provision | | 169,350 | 43,397 | 132,452 | 203,887 | 249,456 | 358,574 | 744,790 | 920,454 | 1,047,294 | 1,172,275 |
| Consolidated Net Operating Profit After Tax (NOPAT) | | 265,997 | 68,163 | 208,042 | 320,244 | 391,819 | 563,211 | 1,169,837 | 1,445,752 | 1,644,979 | 1,841,285 |
| Contributed Capital Relating to Settlement | | 1,560,000 | 1,638,000 | 1,697,536 | 1,758,482 | 1,820,800 | 1,911,839 | 0 | 0 | 0 | 0 |
| *Consol. Net Oper Profit plus Settlement Proceeds* | | $1,825,997 | $1,706,163 | $1,905,578 | $2,078,726 | $2,212,619 | $2,475,050 | $1,169,837 | $1,445,752 | $1,644,979 | $1,841,285 |
| Dividends Paid (Co. Estimate) | | 0 | 0 | 500,000 | 750,000 | 750,000 | 0 | 0 | 0 | 0 | 0 |
| Equity - Beginning of Year (Excluding PV of Future Settlement Proceeds) | | 2,594,886 | 4,420,883 | 6,127,046 | 7,532,623 | 8,861,349 | 10,323,968 | 12,799,018 | 13,968,856 | 15,414,607 | 17,059,586 |
| Equity - End of Year | | 4,420,883 | 6,127,046 | 7,532,623 | 8,861,349 | 10,323,968 | 12,799,018 | 13,968,856 | 15,414,607 | 17,059,586 | 18,900,871 |
| Projected Revenue Growth | | 15.6% | 13.9% | 13.5% | 12.3% | 9.8% | 8.2% | 6.0% | 5.6% | 5.2% | 5.0% |
| Incremental Revenue ($) | | 2,915,101 | 3,012,300 | 3,339,185 | 3,442,594 | 3,081,282 | 2,832,954 | 2,254,671 | 2,235,772 | 2,184,026 | 2,201,239 |
| Settlement Proceeds Growth | | NA | 5.0% | 3.6% | 3.6% | 3.5% | 5.0% | -100.0% | NM | NM | NM |
| Projected Operating Expense Growth | | NA | 19.8% | 10.1% | 10.3% | 9.1% | 6.8% | 5.6% | 5.4% | 5.1% | 5.0% |
| Operating Expense (% of revenue) | | 20.5% | 21.5% | 20.9% | 20.5% | 20.4% | 20.1% | 20.0% | 20.0% | 20.0% | 20.0% |
| Margin Analysis (% of sales) | | | | | | | | | | | |
| Operating Margin (OIBD/ Revenues) | | 2.6% | 1.5% | 2.1% | 2.5% | 2.6% | 3.2% | 5.6% | 6.1% | 6.5% | 6.9% |
| OIBD + Settlement Proceeds / Revenues | | 9.8% | 8.1% | 8.2% | 8.1% | 7.9% | 8.3% | 5.6% | 6.1% | 6.5% | 6.9% |
| NOPAT Margin | | 1.2% | 0.3% | 0.7% | 1.0% | 1.1% | 1.5% | 3.0% | 3.5% | 3.7% | 4.0% |
| NOPAT + Settlement Proceeds / Revenues | | 8.4% | 6.9% | 6.8% | 6.6% | 6.4% | 6.6% | 3.0% | 3.5% | 3.7% | 4.0% |
| Return Analysis | | | | | | | | | | | |
| NOPAT / Beg. Equity | | 10.3% | 1.5% | 3.4% | 4.3% | 4.4% | 5.5% | 9.1% | 10.3% | 10.7% | 10.8% |
| NOPAT + Settlement Proceeds / Beg Equity | | 70.4% | 38.6% | 31.1% | 27.6% | 25.0% | 24.0% | 9.1% | 10.3% | 10.7% | 10.8% |
| OIBD/ Cash Operating Expenses | | 12.6% | 6.8% | 10.2% | 12.2% | 13.0% | 16.0% | 27.8% | 30.4% | 32.7% | 34.7% |
| OIBD + Settlement Proceeds / Cash Operating Expenses | | 47.8% | 37.7% | 39.3% | 39.5% | 38.9% | 41.4% | 27.8% | 30.4% | 32.7% | 34.7% |
| OIBD/Operating Expenses and Players' Royalty | | 4.5% | 2.5% | 3.7% | 4.3% | 4.6% | 5.6% | 10.1% | 11.0% | 11.9% | 12.6% |
| OIBD + Settlement Proceeds/Operating Expenses + Players' Royalty | | 17.0% | 13.9% | 14.2% | 14.1% | 13.8% | 14.6% | 10.1% | 11.0% | 11.9% | 12.6% |
| OIBD/Total Expenses | | 2.6% | 1.5% | 2.2% | 2.6% | 2.7% | 3.3% | 5.9% | 6.5% | 7.0% | 7.4% |
| OIBD+ Settlement Proceeds/Total Expenses | | 10.0% | 8.2% | 8.4% | 8.3% | 8.1% | 8.6% | 5.9% | 6.5% | 7.0% | 7.4% |

NFL PLAYERS ASSOCIATION
PROJECTED CONSOLIDATED INCOME STATEMENT
FOR THE YEARS ENDING FEBRUARY 28,

| INCOME STATEMENT | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| Settlement Income | $2,375,000 | $2,243,750 | $2,105,937 | $1,961,234 | $1,809,296 | $1,649,761 | $0 | $0 | $0 | $0 |
| Player Dues (net reimbursement) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Agent Fees | 502,750 | 535,429 | 570,232 | 607,297 | 646,771 | 688,811 | 733,584 | 781,267 | 832,049 | 886,132 |
| Retired Players Dues | 145,453 | 154,907 | 164,976 | 175,700 | 187,120 | 199,283 | 212,237 | 226,032 | 240,724 | 256,371 |
| Interest (1) | 366,666 | 490,205 | 649,153 | 880,718 | 1,173,803 | 1,505,310 | 1,816,217 | 2,044,237 | 2,274,220 | 2,500,711 |
| Reimbursement of Expenses | 8,580 | 9,138 | 9,732 | 10,364 | 11,038 | 11,755 | 12,519 | 13,333 | 14,200 | 15,123 |
| Miscellaneous | 3,737 | 3,980 | 4,239 | 4,514 | 4,808 | 5,120 | 5,453 | 5,807 | 6,185 | 6,587 |
| Total Revenue | 3,402,186 | 3,437,409 | 3,504,269 | 3,639,827 | 3,832,836 | 4,060,040 | 2,780,010 | 3,070,676 | 3,367,378 | 3,664,924 |
| Operating & Depreciation Expenses | 10,000,000 | 10,650,000 | 11,342,250 | 12,079,496 | 12,864,664 | 13,700,867 | 14,591,423 | 15,539,865 | 16,549,957 | 17,625,704 |
| Net Income before Rights Pymts and Divs | (6,597,814) | (7,212,591) | (7,837,981) | (8,439,670) | (9,031,827) | (9,640,826) | (11,811,412) | (12,469,189) | (13,182,579) | (13,960,780) |
| Licensing Rights Payment | 8,656,800 | 9,861,720 | 11,197,394 | 12,574,432 | 13,806,945 | 14,822,610 | 15,611,745 | 16,302,228 | 16,957,435 | 17,617,807 |
| Dividend Income from NFL Players Inc. | 0 | 0 | 500,000 | 750,000 | 750,000 | 0 | 0 | 0 | 0 | 0 |
| Net Income | 2,058,986 | 2,649,129 | 3,859,413 | 4,884,762 | 5,525,117 | 5,181,784 | 3,800,333 | 3,833,039 | 3,774,856 | 3,657,027 |
| Fund Balance - Beginning of Year | 6,111,100 | 8,170,086 | 10,819,215 | 14,678,628 | 19,563,390 | 25,088,507 | 30,270,292 | 34,070,624 | 37,903,663 | 41,678,520 |
| Fund Balance - End of Year | 8,170,086 | 10,819,215 | 14,678,628 | 19,563,390 | 25,088,507 | 30,270,292 | 34,070,624 | 37,903,663 | 41,678,520 | 45,335,547 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *Projected Revenue Growth (exclud lic pmt)* | NA | 1.0% | 1.9% | 3.9% | 5.3% | 5.9% | -31.5% | 10.5% | 9.7% | 8.8% |
| *Settlement Income Growth* | NA | -5.5% | -6.1% | -6.9% | -7.7% | -8.8% | -100.0% | 0.0% | 0.0% | 0.0% |
| *Agent Fees* | NA | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% |
| *Retired Players Dues* | NA | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% |
| *Interest* | NA | 33.7% | 32.4% | 35.7% | 33.3% | 28.2% | 20.7% | 12.6% | 11.3% | 10.0% |
| *Reimbursement of Expenses* | NA | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% |
| *Miscellaneous* | NA | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% |
| *Licensing Rights Payments* | NA | 13.9% | 13.5% | 12.3% | 9.8% | 7.4% | 5.3% | 4.4% | 4.0% | 3.9% |
| *Projected Revenue Growth (includ lic pmt)* | NA | 10.3% | 10.5% | 10.3% | 8.8% | 7.0% | -2.6% | 5.3% | 4.9% | 4.7% |
| *Operating Expense (% growth)* | NA | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% |
| *Operating Expense (% of rev includ lic pmt)* | 82.9% | 80.1% | 77.1% | 74.5% | 72.9% | 72.6% | 79.5% | 80.2% | 81.4% | 82.8% |
| *Margin Analysis (% of revenue includ lic pmt)* | 17.1% | 19.9% | 26.3% | 30.1% | 31.3% | 27.4% | 20.7% | 19.8% | 18.6% | 17.2% |

(1) Interest income calculated as 6% of beginning Fund Balance.