

**Exhibit S**  
**to the**  
**Declaration Of Ryan S. Hilbert In Support Of**  
**Plaintiffs' Opposition To Defendants' Renewed**  
**Motion For Judgment As A Matter Of Law**



**ANNUAL REVIEW**

**March 28, 2004**

[WWW.NFLPLAYERS.COM](http://WWW.NFLPLAYERS.COM)

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~ [Handwritten initials]

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
<b>TRIAL EXHIBIT 1296</b>
CASE NO. C07 0943 WHA
DATE ENTERED _____
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## OVERVIEW

As we reflect on FY'04, it is important to note what we projected in the conclusion of last year's annual review:

1. **'03 PROJECTION:** The video game market will continue to grow, even without any new hardware platforms entering the market in 2003.

**'04 RESULT:** Royalties from the video game category increased again this year.

2. **'03 PROJECTION:** As Reebok jersey sales continue to rise, more revenue will be generated for individual players and PLAYERS INC.

**'04 RESULT:** It was a record year for jersey sales.

3. **'03 PROJECTION:** Trading card revenue will continue to decline modestly, but should remain relatively stable; new collectibles revenue should bring in additional revenue.

**'04 RESULT:** Trading card revenue declined at more than a modest rate, but collectibles increased by nearly 70%.

4. **'03 PROJECTION:** Revenue to players and PLAYERS INC from our NFL Sponsorship Agreement will continue to increase as more NFL sponsors utilize players in their activations.

**'04 RESULT:** Both sponsorship revenue and player payments increased dramatically in FY'04.

5. **'03 PROJECTION:** Traffic to NFLPLAYERS.COM is expected to increase with the launch of our new fantasy football game, and hopefully, we will be successful in our attempts to increase the level of player participation on the site, thus elevating our stature in the NFL Internet Network.

**'04 RESULT:** Traffic, level of player participation, and our rank on nfl.com all increased.

6. **'03 PROJECTION:** We will continue to market players to companies outside of our current licensees and sponsors to generate additional paid player opportunities.

**'04 RESULT:** We generated \$300,000 from companies who are not existing licensees or NFL sponsors.

## **SUMMARY OF REVENUE AND PAYMENTS**

Licensing royalties received by PLAYERS INC and the NFLPA are distributed as follows: Three PLAYERS INC trading card licensees (Upper Deck, Fleer and Topps) had license agreements this past year for player rights directly with the NFLPA. Therefore, all their royalty payments were made to and retained by the NFLPA. These three companies also had service agreements with PLAYERS INC that govern all approvals and marketing activities. In addition, passive royalties from other PLAYERS INC trading card licensees and from EA Sports were added by PLAYERS INC to the royalties paid to the NFLPA to ensure that the NFLPA would receive 40% of appropriate licensing revenue, in accordance with the License Agreement between the NFLPA and PLAYERS INC. The royalties paid to the NFLPA by its three trading card licensees and by PLAYERS INC provided the NFLPA the opportunity to rebate dues to players. All other non-premium licensing royalties paid to PLAYERS INC, including sponsorship fees and internet fees from the NFL, are included in the calculation of the equal share royalty pool, split by eligible active players and equal to 37% of the same revenue from which the NFLPA receives an amount equal to a 40% share. An amount equal to the remainder of such revenue, or 23%, is retained by PLAYERS INC to operate, promote, and build its business (and some of this 23% is paid to players for appearances, etc., to promote the PLAYERS INC brand).

Total revenue generated by PLAYERS INC was \$70.5 million. The sources of the royalties and other revenue are described below in this section.

Revenue received by PLAYERS INC for all licensing and certain sponsorship activity was \$31.7 million. Additionally, as a result of the NFL Sponsorship and Internet Agreements, PLAYERS INC received a total of \$16.3 million in FY'04; \$13.3 million from the Sponsorship Agreement and \$3 million from the Internet Agreement. Of the \$13.3 million from the Sponsorship Agreement, an allocation of at least 25% or \$3.3 million was earmarked for players who participated in programs with NFL sponsors. Above this guaranteed minimum, an additional \$1 million was generated for players who participated in NFL sponsor programs. Therefore, in FY'04 a total of \$4.3 million was generated in player payments under the NFL Sponsorship Agreement as described above.

A total of \$25.1 million was received by PLAYERS INC and paid to specific players for premium royalties, appearances, autographs and highlight fees, including the allocation from the NFL sponsorship deal. In addition, \$121,000 was paid to individual players by licensees and sponsors for appearances, \$232,000 in payments in the form of merchandise to players by licensees, and \$381,000 in payments generated to player charities by licensees.

A record total of \$25.8 million in unshared payments to players was made by PLAYERS INC, licensees and sponsors. The list of different players who received those payments included 1017 active and 328 retired players. The list is attached as Appendix J.

# RETAIL LICENSING CATEGORY HIGHLIGHTS

## Apparel, Paper Goods and Novelties Apparel

**Overview** Reebok dominated the apparel category in FY'04, as jersey sales continued to experience growth. Premium royalties paid to players from jersey sales in FY'04 were \$8.9 million, up 21% from last year's \$7.5 million. This includes royalties from the Dallas Cowboys (the only club to handle its own consumer jersey sales) and all jersey customizers. An additional \$381,000 in premium royalties were paid to players from Reebok headwear, and \$226,000 in royalties were paid to PLAYERS INC from the sales of turf shoes and blank jerseys. In FY'04, jerseys were either produced or customized for approximately 1,030 different players.

Reebok's new retired player fashion apparel line generated additional revenue of approximately \$200,000 for players and \$50,000 for PLAYERS INC. Also, Mitchell & Ness has become a sub-licensee of Reebok, so those player agreements will now be facilitated through PLAYERS INC.

Majestic Athletic, our licensee for non-jersey apparel, generated \$294,000 in premium royalties to players and \$406,000 to PLAYERS INC.

Joy Athletic, a long-time licensee and our partner for women's player product, filed for bankruptcy protection in the summer. We are currently entertaining proposals from two potential new licensees for that segment of business.

Total combined apparel royalties were \$13.3 million, a 27% increase from FY'03. Of that combined total, \$9.8 million was paid to players in premium royalties and \$4.2 million was paid to PLAYERS INC.

**Player Marketing** Reebok signed 512 players for shoe endorsement deals, which include advertising, promotion, and appearances. They continue to utilize player feedback to constantly improve their on-field apparel and footwear.

Majestic Athletic generated \$25,000 in player appearance fees.

**FY'05 Projections** After three years of exceptional growth, we expect the apparel business to remain healthy. We are confident that jersey sales will be at least equal to FY'04, and potentially increase 10% - 15%.

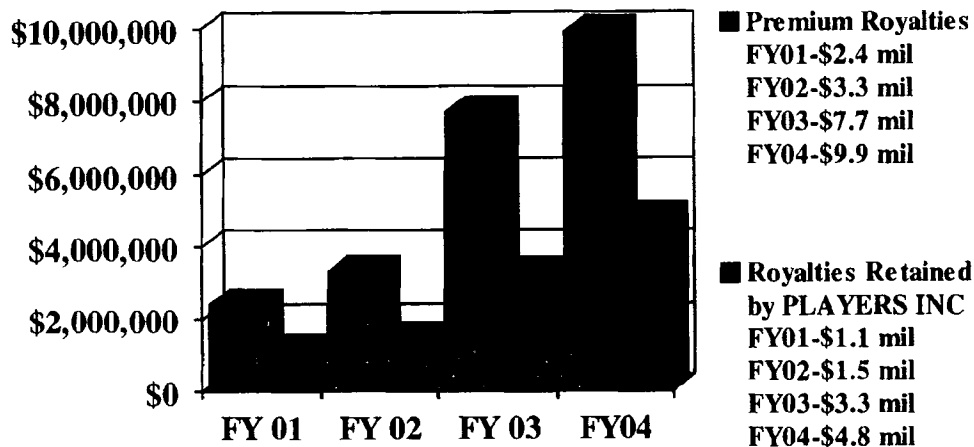
Majestic Athletic's player program has not reached its full potential; they project a 20% increase in premium royalties for FY'05.

## Paper Goods and Novelties

**Overview** The products represented in this category include posters, calendars, balls, and photography. In FY'04 they generated combined royalties of \$515,000, \$70,000 of which were premium royalties paid to players.

Poster licensee Trends International has acquired Starline, making them our sole poster licensee. They are a well-established company with a vast distribution network, and we are confident that the poster category will expand under this new partnership. We will continue to work with the current licensees to identify areas for potential growth.

**FY'05 Projections** Overall, sales of paper goods and novelties combined are expected to be relatively stable across the board, with projected growth in the Trends poster program. Royalties from calendars and Fotoballs should remain steady. We project royalties of \$550,000 from these combined categories in FY'05, an increase of around 6% from FY'04.



**Premium Royalty Revenue  
Apparel, Paper Goods, and Novelties**



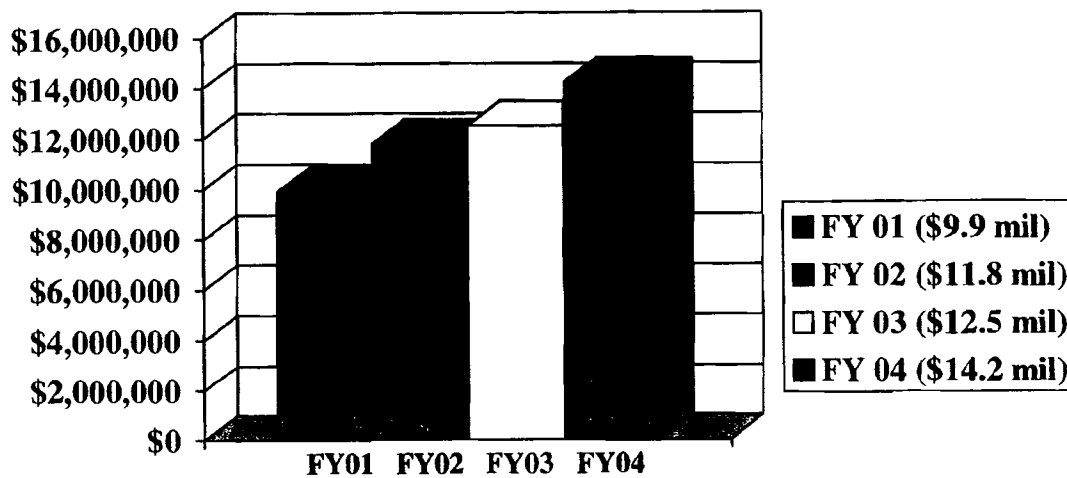
# RETAIL LICENSING CATEGORY HIGHLIGHTS

## Interactive and Multimedia Video and Computer Games

**Overview** Approximately 8.8 million football video games were sold in FY'04, generating \$14.2 million in royalties to PLAYERS INC, up from 7 million units and \$12.6 million in royalties in FY'03.

Not only is the Madden brand still the most popular football video game with 5.9 million units sold in FY'04, but the launch of EA's new "NFL Street," with 1.2 million units sold in the first 3 months, has cemented EA's lead in the industry.

Other video game licensees include ESPN Football developed by SEGA Sports, who partnered with the ESPN brand for the first time to launch ESPN Football. Midway's Blitz Pro, Microsoft's NFL Fever 2004, and Sony/989's NFL Gameday 2004 were three additional PLAYERS INC licensees for FY'04. Leading the way in the children's video game arena is Backyard Football, developed by Atari.



Video and Computer Games  
Royalty Revenue

### Player Marketing

This category, while showing a slight increase in the amount of money paid to players this year (up 8.5% from \$1.06 million to \$1.15 million), continues to provide many high profile marketing opportunities for players.

EA Sports accounted for nearly two thirds of the payments in this category by increasing their spending on players 32% to \$730,000. This was highlighted by packaging deals for NFL Madden 2004 (Michael Vick) and NCAA Football 2004 (Carson Palmer). EA again launched two successful television campaigns featuring players, one utilizing Ray Lewis and several rookies that aired around the 2003 NFL draft, and a second "cameo" campaign that aired in the fall and featured players including Vick, Keyshawn Johnson, John Lynch, Clinton Portis, Tony Gonzalez, Marshall Faulk, and Ray Lewis. We also facilitated packaging deals for EA for their new NFL Street game with Shannon Sharpe, Barry Sanders, and Ricky Williams. We again facilitated player appearances at the Madden Bowl, in cameo shoots at regular season games, and at the Pro Bowl.

Sony/989 Sports did national television commercials with its cover athlete, LaDainian Tomlinson, and Derrick Brooks. Sega and Atari also featured their cover athletes, Warren Sapp and Jeff Garcia, respectively, in television commercials. Midway's product featured Terrell Owens as the cover athlete.

This category also generated additional player appearances as described in the "Promotions" section below.

**Promotions** Microsoft rolled out two programs leading up to the Super Bowl. The first was a partnership with USO/FSAF, where NFL players appeared at local USO Centers to chat on-line with U.S. service persons and offered support to the troops and their family members. In the second program, retailer Best Buy featured NFL player appearances during NFL Player Tuesday at stores during the season. The appearances were promoted via radio and in-store promotions at select Best Buy locations. Microsoft also was title sponsor of NFL Player Mania at the NFL Experience in Houston. The participation of Jamal Lewis, Priest Holmes, Clinton Portis, Shaun Alexander, Deuce McAllister and Terry Holt drew record crowds to the Microsoft interactive area at the Experience. This year's Player Mania was such a productive event for Microsoft, with fans packing their booth, they have committed to sponsor NFL Player Mania again next year.

989 Sports' Super Bowl media event, The Game Before The Game, was once again a success. The event featured Steven Smith of the Carolina Panthers and Troy Brown of the New England Patriots. The players squared off in a video game version of Super Bowl XXXVIII, and for the first time in eight years, the competition did not predict the outcome of the Super Bowl. The event was covered by 20 camera crews from various media outlets. Additionally, 989 Sports' The Locker Room Challenge, presented the opportunity for a local consumer to compete against the winner of the NFL player video game challenge. This year's winner played against Keenan McCardell of the Tampa Bay Buccaneers. Additionally, 989 Sports is participating as a presenting sponsor of the NFL Players Rookie Premiere for the third year in row.

The Madden Bowl, EA's annual event during Super Bowl Week, continues to be a popular event. This year's Madden Bowl was even more successful due to the launch of EA's NFL Street and the execution of a retail promotion with Blockbuster. Consumers

who visited Blockbuster stores from November through January and pre-ordered the rental or purchase of NFL Street, received a PLAYERS INC keychain. In addition, fans could log on to the Blockbuster website, NFLPLAYERS.COM, or the IGN website (a promotional website for the video game industry) and register to win a trip to the Super Bowl to participate with NFL players at the NFL Street competition at the Madden Bowl. As in past years, EA Sports featured over 50 NFL players for on-going rounds of video game challenges within a star-studded party hosted by Sean "P. Diddy" Combs.

## **FY'05 Projections**

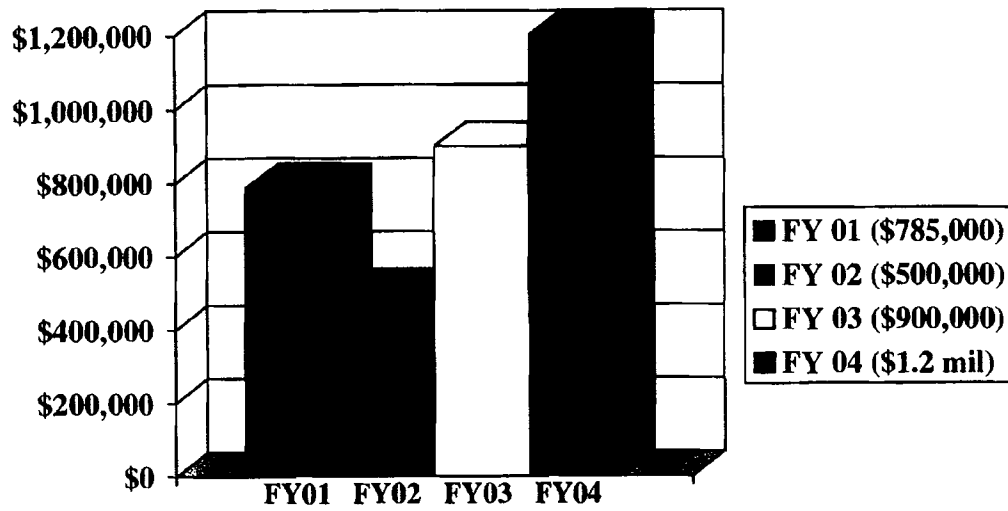
We anticipate a slight decline in revenue for FY'05, due in part to the loss of two licensees, Midway and Microsoft, who are not producing a 2004 product. Additionally, the NFL Street product will be produced every 2 years, with the next version being introduced in 2005. The market will likely be flat as developers prepare for the launch of next generation hardware (XBOX 2, PS3, etc.) in 2006. However, a new segment of this category is emerging – the new adaptation of video games to wireless technology. Two new licensees have been added for 2004: THQ and JAMDAT. We are conservatively projecting royalties at approximately \$12.5 million for FY'05.

## **Fantasy Football**

**Overview** In FY'04, fantasy football revenue exceeded \$1.2 million dollars, a first for the category, up 30% from last year's \$900,000. Each year the fantasy category re-invents itself with new business models and evolved trends. The 2003 football season saw major mergers among licensees, several sub-licensing deals, and the emergence of the high-stakes games model.

Each year, more than 30 million consumers participate in fantasy sports. About 7 million unique users signed up for PLAYERS INC licensed games last year, including more than 20,000 on PLAYERS INC's branded fantasy football game on NFLPLAYERS.COM.

Fantasy football is the fastest growing category at PLAYERS INC. It is used not only as a revenue stream, but also as a promotional tool to increase the popularity of the game. Currently, PLAYERS INC has 10 fantasy licensees, which is fewer than last year due to mergers and sub-licensing partnerships, which resulted in some smaller companies being absorbed by larger entities. However, royalty revenue for the category increased. Most licensees remain committed to the paid game model and concentrated their marketing efforts on sponsorship and branding. PLAYERS INC receives royalties on all subscriptions, and royalty on sponsorship revenue.



**Fantasy Football Royalty Revenue**

**FY05  
Projections**

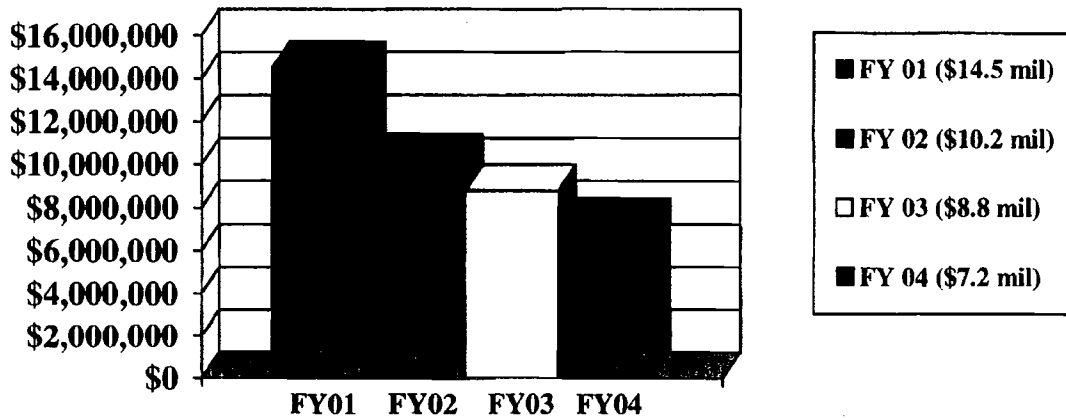
As fantasy football continues to gain popularity, we expect revenue in this category to increase by a minimum of 10%.

# RETAIL LICENSING CATEGORY HIGHLIGHTS

## Trading Cards and Collectibles Trading Cards

**Overview** The trading card category experienced another decline in FY'04 to \$7.2 million in royalties, down from \$8.8 million in FY'03. This decline was largely due to a reduction in the number of licensees, from six to five. Pacific Trading Cards, one of the smaller companies, chose not to renew its license with PLAYERS INC for FY'03.

In FY'04, PLAYERS INC facilitated autograph deals with players for 800,000 autographs, up from 554,000 in FY'03. However, there is concern over the decrease in pack-out rates from 95% to 85%, resulting from players not returning autographed cards in a timely fashion. The result is the insertion of "redemption" cards, a promise to deliver the autographed cards to the consumer in the future, once they are autographed and returned by the player. This delay can lead to consumers losing confidence in the product, and they may choose to purchase non-football products in the future.



**Trading Card Royalty  
Revenue**

## **Player Marketing**

The total number of autographs confirmed by five licensees, Press Pass, Playoff, Fleer, Topps and Upper Deck, increased 60% to over 800,000. The payments to players associated with these autographs, other appearances, and highlight deals increased to \$7.65 million from \$6.1 million in FY'03. This year we were also able to double the number of veteran players who received player marketing opportunities in this category. Our trading card licensees are realizing that although the industry is focused primarily on rookies, the power and reliability of veterans and retired players still plays a significant role in increasing sales.

## **Promotions**

### **OFFICIALLY AUTHORIZED NFL HOBBY SHOP PROGRAM**

For the second consecutive year, PLAYERS INC and the NFL proactively promoted the Officially Authorized NFL Hobby Shop program. The purpose of this program is to drive traffic into hobby stores and enhance sales of NFL player trading cards. Currently we have over 2,300 participating stores. The flagship of the program is the NFL Player of the Day promotion. In FY'03 and FY'04 the Officially Authorized NFL Hobby Shop Program was awarded the prestigious "Best Licensor Program" award by Krause Publication. This award is voted on by hobby retailers and reflects the high level of success the program has had in the industry.

### **NFL PLAYER OF THE DAY**

Popular with hobby shops and consumers, the NFL Player of the Day promotion experienced great success in its fourth year. With more than 600 participating stores, the promotion saw an increase of 6% in participation levels. However, more than 100 of the stores that participated in FY'03 were no longer in business in FY'04; thus, 25% of the stores in the FY'04 promotion were first-time participants. Of the over 600 stores that participated, 90% of the stores reported increased sales of NFL trading cards during the promotion, and 31% stated that the promotion directly helped sell an additional 250 packs or more. 99% of shops are interested in participating in the program again.

### **STAY COOL IN SCHOOL**

More than 16,000 students from the Houston school system participated in the Stay Cool in School clinic this year. Stay Cool in School is an incentive program that takes place over a ten-week period in the fall. The program rewards fifth grade students with trading cards and games, for good attendance and behavior. Several players made appearances at elementary schools to promote the program last fall and participated in the Stay Cool in School clinic before the Super Bowl. More than 900 students took part in the clinic on January 24th at the NFL Experience during Super Bowl week in Houston, where they interacted with players, including Quincy Morgan, Dominick Davis, and Keenan McCardell, in various football drills.

Our four trading card licensees continued their support of the program by donating 15,000 packs of cards to the Houston school system. The Stay Cool in School program

has reached over 160,000 students in eight different cities to date and is a great vehicle for promoting trading cards to young, potential collectors.

## **FY'05 Projections**

Despite the volatility of this category, we are hopeful that it will remain stable in FY'05. Through the above-mentioned promotional campaigns, we continue to reach out to new collectors. To support the category, we will provide 40 additional player appearances for hobby shops across the country.

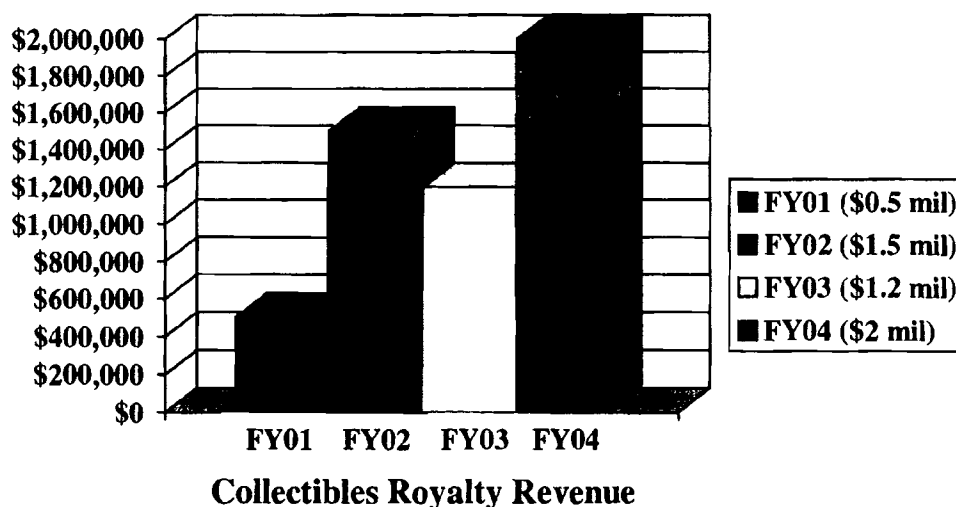
## **Collectibles**

### **Overview**

Royalties in this category are up from \$1.3 million in FY'03 to approximately \$2 million in FY'04. Todd McFarlane Productions (TMP), our leading non-trading card collectible licensee, continued to produce a very successful line of football player figurines. According to TMP, the NFL product is its most successful product line, and TMP is considering the production of a new line in FY'05 that would feature Hall of Fame players. McFarlane's meticulously detailed products are on the cutting edge of the collectibles industry.

Another success story of FY'04 is Activa Consumer Productions. In conjunction with the Chicago Sun-Times, Activa launched a very successful premium promotion featuring a series of medallions of Chicago Bears players. The promotion was not only well-received by the Chicago Sun-Times, but by consumers within the Chicago market as well. Activa is considering the expansion of this promotion to other markets in FY'05.

New licensees for FY'04 were Flipp Sports, Serious USA, The Merrick Mint, Activa Consumer Productions, Wiz Kids, and MVP Pics.



**Player  
Marketing**

**H**ighlight deals were facilitated for 16 retired players totaling \$87,500 with licensees Alexander Global, The Danbury Mint, Team Beans, and the Memory Company.

**Promotions**

**I**n an effort to create new and innovative ways for licensees to spend marketing dollars, we produced, in conjunction with the NFL Players Golf Club and Stackable Sport Dolls, Inc., the NFL Players Golf Challenge promotion. This promotion is a “click and enter” contest hosted on NFLPLAYERS.COM. Visitors to the site can enter for a chance to win prizes that include PLAYERS INC branded golf merchandise, Stackable Sport Dolls, Inc. products, and the grand prize, a round of golf with an NFL player. The promotion began two weeks prior to the Super Bowl and concludes in late March. If successful, we will consider executing similar golf promotions with other licensees.

**FY'05  
Projections**

**W**e are proactively evaluating new licensees in the collectibles category and are constantly reviewing and approving new product lines for our current licensees. We expect a modest increase in this category in FY'05.



## **NFL Sponsorship**

**Overview** Under the NFL Sponsorship Agreement, PLAYERS INC's minimum guarantee payment from the NFL for FY'04 was \$9 million against a royalty of 12.5% of all sponsorship revenue. Due to the success of the NFL sponsor program, this year's payment to PLAYERS INC instead was \$13.3 million, 25% of which, or \$3.3 million, was the guaranteed minimum paid to players for their participation in NFL sponsor programs. Also, an additional \$1 million was funded by the NFL and paid by PLAYERS INC to players who participated in those programs.

Therefore, a total of 500 player marketing opportunities were generated for 20 NFL sponsors totaling \$4.3 million for players and the remainder, approximately \$10 million, went to PLAYERS INC and was included in the calculation of the equal share pool.

We have seen a continued increase in the use of players in sponsorship programs since forming this partnership. NFL players have been utilized in corporate advertising by the majority of the NFL sponsors. These companies used players in promotional campaigns including television commercials, point-of-sale materials, and appearances or in a combination of these promotional vehicles. Eighteen of 19 total NFL corporate sponsors utilized players this past season.

Some of the more prominent examples of how NFL sponsors incorporated players into their marketing programs in FY'04 include:

### **CAMPBELL'S**

Utilizing PLAYERS INC as a resource for the first time since the inception of the NFL Sponsorship Agreement, the Campbell's Soup Company had PLAYERS INC secure John Lynch, Michael Strahan, and Donovan McNabb for their Chunky Soup national television campaign. After building a relationship with PLAYERS INC, Campbell's extended their rights and player usage to another program with their red & white soup brands, and used Michael Strahan in a second commercial targeting kids. This was called the Souper Star Fantasy contest and a child consumer won the opportunity to have lunch with a player from their favorite team and a trip to the Super Bowl. This program was executed flawlessly, and we look forward to working with Campbell's for many years to come as they renew their NFL sponsorship deal in 2004.

### **COORS**

Coors utilized player appearances at several events during the past year, including the Coors convention in San Diego and the Pro Bowl. A total of nine players participated.

### **DIRECTV**

DirecTV produced three commercials, featuring Donovan McNabb, Peyton Manning and Marshall Faulk, which aired on DirecTV promoting NFL Sunday Ticket. They also utilized six players for various private hospitality functions over the course of the year. They had one player make a public appearance and three players play golf at Super Bowl.

## **DMI**

Dairy Management Inc. ("Got Milk?") became a new NFL partner in September of 2003 and immediately began using players to activate its sponsorship. Priest Holmes was featured in poster that was distributed to over 70,000 schools nationwide. In January, they shot a television commercial utilizing Brett Favre and David Carr appeared at a Super Bowl press conference.

## **FEDERAL EXPRESS**

The FedEx Air & Ground NFL Players of the Year awards recognize the game's outstanding running backs and quarterbacks. Each week of the season, three players were nominated at running back and three at quarterback. Then, one from each position was chosen to be the FedEx Air or Ground NFL Player of the Week. Fans voted weekly at nfl.com for players based on performance, game statistics, and contributions to their team. More than 100 players were highlighted during the season. The program culminated with a final fan vote to determine who would be the FedEx Air & Ground NFL Players of the Year. Finalists were Steve McNair, Peyton Manning, Daunte Culpepper, Jamal Lewis, Ahman Green, and Priest Holmes. The "air" winner, Payton Manning, and the "ground" winner, Ahman Green were both announced at a Super Bowl press conference. More than 500,000 people voted in this promotion.

## **SNICKERS**

The Snickers brand Hungriest Player of the Game promotion was one of the most exciting programs of the year. It highlighted the players with the best performances during an entire season of ABC's Monday Night Football. Fans could log on to www.snickers.com during each Monday night game to vote for the best players in the game. Consumers who chose the winning player were entered in a drawing to win a trip for two to the 2004 Super Bowl.

It was the biggest promotion of its kind in Snickers brand history. More than 400,000 consumers played the game, casting more than 1,000,000 votes throughout the season. Retailers supported the promotion and it was hugely successful. Retailers' stock was depleted and replenished three times.

The promotion provided consumers the opportunity to connect with the players and the game. Snickers produced a television commercial featuring Brian Urlacher and six other players. All together, more than 150 players were highlighted during the season. The brand had an incredible year and exceeded all expectations. Snickers is planning to repeat the promotion next year with some changes designed to make the game more consumer-friendly.

## **MOTOROLA**

Motorola continues to provide a significant number of player marketing opportunities, though consumer advertising and promotion may be limited. Motorola generated 55 paid opportunities for NFL players, an increase of 26%, with the majority of the opportunities being internal speaking engagements and retail store appearances. Motorola has focused much of their activation efforts on building the business-to-business relationships. This

year they also filmed three commercials, two of which aired nationally. The commercials featured Jerry Rice, Rich Gannon, Marshall Faulk, and Daunte Culpepper.

### **PEPSI**

Pepsi was one of the NFL's most active sponsors when it came to player usage. Early in the season they utilized five players for the Pepsi Rookie Team in support of their Rookie of the Year program. These players were compensated for being on the Pepsi Rookie Team, and they had the opportunity to earn more money by mentioning their affiliation with the team throughout the year in media interviews. These players, plus three other finalists, were present at a Rookie of the Year announcement and press conference at the Super Bowl. The Pepsi Rookie of the Year was Domanick Davis of the Houston Texans.

Pepsi also used several players on their national point of sale materials to kick off the season.

In addition to their national player usages, Pepsi also had nine regional player endorsers in their key markets. PLAYERS INC handled Pepsi's requests for 36 player appearances during Super Bowl Week for press conferences and golf and/or corporate appearances. Pepsi also utilized two player appearances at the Pro Bowl.

### **VISA**

Visa introduced the Visa Extra's program for their small business customers. At certain spending levels, customers receive autographed footballs. Sixty players were utilized in this program.

Visa also produced three national NFL-themed television commercials this season. For the first time, PLAYERS INC secured the players for these commercials, including Donovan McNabb and Ricky Williams.

For the second year in a row, Visa provided a gift card valued at \$3,500 as a wedge prize for Wheel of Fortune.

Visa recently renewed their NFL Sponsorship and we look forward to working with them very closely over the next several years.

### **MBNA AMERICA**

The MBNA America and PLAYERS INC relationship expired in July 2003 and is being renegotiated for a five-year term to coincide with MBNA's renewal of its NFL sponsorship. We recently met with MBNA to discuss a continued relationship with them. As part of the new NFL deal, MBNA is instituting a rewards program that will allow NFL affinity card holders to earn points with purchases. These points can be used to acquire NFL and NFL player themed prizes. This is the first time that MBNA has instituted a rewards program, and we anticipate increased paid opportunities for players for autographs and appearances.

**FY'05  
Projections**

**T**he minimum guarantee under the NFL Sponsorship Agreement for FY'05 is \$9 million against a 12.5% royalty. With the more lucrative NFL sponsor renewals, such as VISA, Gatorade, and MBNA, and the addition of sponsors in new categories, such as quick service restaurants, wireless telecommunications providers and energy/gas, we expect our revenue to exceed the guarantee again this year.

## PLAYERS INC PROPERTIES

**Overview** Since its inception, PLAYERS INC has created many unique properties which serve not only as vehicles to promote the PLAYERS INC brand and generate revenue to PLAYERS INC, but also as a means of serving our mission to “get the helmets” off the players and market them in as many unique ways as possible. These properties have also served as a means of generating numerous paid and unpaid player marketing opportunities, as well as vehicles to generate revenue for PLAYERS INC charities and player charities and foundations.

Participating PLAYERS INC licensees and sponsors have been able to not only promote their brands, but also to leverage NFL players and PLAYERS INC to promote their products and services.

Following is a summary of activity within each of these properties.

**NFL Player Mania** NFL Player Mania was held on Saturday, January 31st at the NFL Experience. This is the third year the event has been held at the NFL Experience and again proved to be a good fit for both PLAYERS INC and the NFL. Microsoft, one of PLAYERS INC’s video game licensees, participated as the title sponsor of the event at \$200,000. They hosted an on-site booth for fans to play their video game title, NFL Fever, and meet and greet NFL players. They featured one player per hour (6 total) during the hours of NFL Player Mania.

In addition to the activities at the sponsor booth, NFL Player Mania featured 44 players appearing at the various interactives and autograph stages of the NFL Experience. In all, 50 players received \$189,000 in appearance fees.

A successful media campaign, involving a partnership with Clear Channel radio and ad placements with The Houston Chronicle, was launched to promote NFL Player Mania. The radio campaign included advertising spots on local stations, which aired throughout the month of January. Additionally, players participated in a blitz of live radio interviews to promote the event two weeks out. The media campaign was a key element in increasing sponsor awareness, PLAYERS INC brand awareness and public awareness about the event.

Plans are already underway to produce NFL Player Mania at the NFL Experience next year in Jacksonville.

**NFL Quarterback Challenge** As a result of the purchase of the Quarterback Club by PLAYERS INC, PLAYERS INC now owns a 24% interest in the NFL Quarterback Challenge. The NFL owns 52% and Quarterback Greats, a company founded by Frank Vuono and some of the original equity player-owners of the QBC, owns the remaining 24%.

Last year's event took place during NFL Draft weekend. PLAYERS INC facilitated player participation in the event, which included 11 quarterbacks and 4 receivers, who shared in appearance fees and prize money totaling \$285,000. PLAYERS INC also received \$21,500 for its share of revenue over expenses from the event. Sponsors were secured by the NFL.

A television special was produced from the competition, which included coverage of the weekend events and features on the participating players. The telecast was broken into two one-hour shows which aired in July on CBS Sports.

Plans are underway for this year's event which will also take place draft weekend in Los Angeles.

### **NFL Players Unsung Heroes**

For the 8<sup>th</sup> year, PLAYERS INC and the NFLPA hosted the NFL Players Awards Banquet honoring the Unsung Heroes of the NFL, benefiting D.C. Special Olympics. Players on each team voted for their team's "unsung hero," an honor which recognized players' contributions to their communities.

PLAYERS INC also produced a television special, for the second year, hosted by James Brown that aired nationally on FOX Sports Net, profiling the player-honorees. The show reached 50 million households and aired in at least one prime-time slot in each region, with 73 total airings.

Sponsors of the event and TV special included Microsoft at \$200,000 and Majestic Athletic at \$125,000.

This year, the event is back with the partnership and collaboration of James Brown, co-host of FOX Sports NFL Sunday, and titled "NFL Players Gridiron Gala Featuring the JB Awards." Personally selected by James Brown, the awards recognize NFL players who excel beyond the game of football and award them for their commitment to achieve excellence off the field through building better communities and stronger families.

The gala is also home to one of the most prestigious awards in football—the Byron "Whizzer" White Humanitarian Award, named in honor of Supreme Court Justice Byron White, former NFL player, for his contribution to team, community, and country. The recipient of this prestigious award will be determined by a panel of judges consisting of retired player Doug Pelfrey, AFL/CIO President John Sweeney, Vice President of Event Marketing for VISA, U.S.A. Michael Lynch, and Bob Glauber of *Newsday* in New York.

The event will be held in Washington, D.C. on April 16.

### **NFL Players Rookie Premiere**

The Reebok NFL Players Rookie Premiere, held in Los Angeles in mid-May, is another one of PLAYERS INC's signature events and television shows. Over a period of three days, thirty of the top draft

picks gathered to be photographed by three PLAYERS INC licensed trading card companies for their first pro football cards. Other activities during the week included a welcome reception, a visit to a children's hospital ward, a trading card party, and the 989 Sports Video Game Challenge.

All of these activities were filmed for a television special which aired nationally on FOX Sports Net during the first two weeks of August. Like *Unsung Heroes*, the show reaches 50 million households and aired in at least one prime-time slot in each region, with 73 total airings. This year's hosts were Chris Rose of FOX Sports Net's *Best Damn Sports Show Period*, FOX Sports NFL analyst Pam Oliver, and active player Tony McGee.

Reebok returned as the title sponsor of the event and TV special at \$210,000, and 989 Sports participated as presenting sponsor at \$175,000. John Turner & Co., PLAYERS INC's calendar licensee, participated at \$50,000, shooting an event commemorative calendar featuring participating rookies.

Thirty-three rookies participated in the event, which generated \$300,000 in payments to players.

## **PLAYERS INC Radio**

With new co-host Daryl "Moose" Johnston (FOX) and returning co-host Dan Miller (FOX 2 TV-Detroit), PLAYERS INC Radio relocated to FOX Sports Radio this year. The show, in its 8<sup>th</sup> year, aired twice each weekend, including once as part of FOX's pre-game Sunday lineup. This year we added a new element as we partnered with the NFL Coaches Association and featured interviews with coaches as part of our weekly lineup. The season's last show was recorded at the PLAYERS INC VIP Party in Houston during Super Bowl week. Guests included Super Bowl participants Kris Jenkins, Steve Smith, Antowain Smith, Larry Izzo, and other NFL stars.

PLAYERS INC Radio serves as a valuable tool to promote active players' lifestyles and activities on and off the field, as well as to promote the PLAYERS INC brand. It is also utilized to promote other PLAYERS INC activities.

PLAYERS INC Radio aired in 149 markets (24 of the 32 NFL team markets and 21 of the top 50 markets) on the FOX Sports Radio Network. PLAYERS INC also scheduled NFL players for interviews on other FOX Sports Radio shows, allowing us to promote our show to FOX listeners.

Sponsorship revenue for PLAYERS INC radio totaled \$20,000 from Yahoo! Approximately 90 players were featured on this year's show. Close to 1000 player interviews have been conducted since the show's inception and many are archived and available on NFLPLAYERS.COM.

## **NFLPLAYERS.COM**

**E**stablished in 1995, NFLPLAYERS.COM is the online presence of PLAYERS INC. As a result of the NFL Internet Agreement, it is part of the NFL Internet Network, which consists of approximately 41 sites, including all 32 team sites. The NFL paid a fee of \$3 million to PLAYERS INC in FY'04 under the exclusive Internet Agreement, which includes a license to use player group licensing rights in the NFL's fantasy football game and to promote other NFL internet network sites.

PLAYERS INC's site includes our fantasy football game, individual authorable webpages for every active NFL player (the Players Network), player features, sweepstakes and contests, and coverage of PLAYERS INC events. NFLPLAYERS.COM is a valuable tool for promoting the PLAYERS INC brand, and furthers efforts to "take the helmets off" the players.

The biggest development in the past year was the launch of NFL Players Fantasy Football, the first-ever fantasy game run by a players organization. PLAYERS INC worked with CBS Sportsline, PLAYERS INC's largest fantasy football licensee, to develop the branded game for NFLPLAYERS.COM, sponsored by Reebok and Midway Games. The grand prize winner won a trip to the 2004 Pro Bowl and lunch with the "ultimate" fantasy football team. While production delays in the first year led to a lower-than-expected number of contestants, fantasy football on the website has the potential to drive much more traffic and lead to increased sponsorship revenue.

User traffic on NFLPLAYERS.COM continued to rise dramatically, with an average of 300,000 unique users per week during the season, up from 166,000 for the 2002 season. From September through January, the website ranked 15<sup>th</sup> of the 41 sites on the NFL Internet Network, its highest ranking ever (we ranked 38<sup>th</sup> in 2000, 23<sup>rd</sup> in 2001 and 21<sup>st</sup> in 2002). In its fourth season as a member of the NFL Internet Network, NFLPLAYERS.COM continues to work with and share content with NFL.com and team websites.

Unique player content continued to be the major focus for the website. NFLPLAYERS.COM featured 295 player journals during the 2003 season, up from 35 in 2002. The updated journals were highlighted by a redesign in the site homepage. NFLPLAYERS.COM continued to generate player profiles, featuring 65 players over the course of the season. In a new feature, NFLPLAYERS.COM provided a look at one of the top rookie performers from each week. Other new content included a weekly feature on rookie trading cards, highlighting products from PLAYERS INC's trading card licensees, and an amateur DJ contest among players.

NFLPLAYERS.COM continued to cover PLAYERS INC events, starting with the NFL Players Awards Gala (also known as the Unsung Heroes Awards) in April 2003. The NFL Players Rookie Premiere was featured in May 2003. We added audio and video content from the Premiere, as well as several articles, interviews, and photos. NFLPLAYERS.COM also covered Wheel of Fortune NFL Players Week, which was taped in November 2003 and aired in January 2004. The season concluded with coverage



of the PLAYERS INC VIP Party, the NFL Players Party, and NFL Player Mania at the NFL Experience during Super Bowl week in Houston.

Several new contests debuted on NFLPLAYERS.COM this year. The Big Game Sweepstakes offered fans the chance to win a trip to the NFL Players Party and Super Bowl XXXVIII. The currently-running Meet the Rookies Sweepstakes features a trip to the 2004 NFL Players Rookie Premiere as the grand prize. The Ultimate Golf Sweepstakes gives fans the opportunity to win a day of golf with a player from their favorite team. The long-running Free Gear All Year Trivia Contest currently offers PLAYERS INC-licensed NFL trading cards and is one of the site's most popular features. NFLPLAYERS.COM generated \$145,000 in sponsorship revenue from Reebok, Midway, and Stackable Sports.

We feel the partnership with the NFL as a member of the NFL Internet Network will be even more productive in the future. We will work to improve and add more player content to NFLPLAYERS.COM. We expect traffic to continue to increase, giving us the opportunity to sell more sponsorships. We anticipate working even more closely with the NFL and the member clubs in the future.

### **NFL/PLAYERS INC eBay Auction**

This year PLAYERS INC facilitated memorabilia procurement and collectibles signings at ten team facilities (Miami, Buffalo, Chicago, Baltimore, St. Louis, San Diego, Denver, Tennessee, Minnesota, New Orleans), and at PLAYERS INC and NFL events such as Wheel of Fortune, Pro Bowl, NFL Players Rookie Premiere and the PLAYERS INC Photo Shoot.

Mitchell & Ness was brought on as a compensation partner and for the first year we were able to offer throwback jerseys from all sports as compensation for signing session participation. Mitchell & Ness also allowed the players to receive a discount on any jerseys ordered after their participation in an auction signing. Most of the players opted to receive merchandise in lieu of money for their assistance in growing this program.

A total of approximately \$200,000 in merchandise and \$15,000 in cash was distributed to the participating players. The net proceeds generated from the auction of the signed items benefit the Players Assistance Trust and NFL Charities (a change from the previous years), as well as team designated charities.

The goals for the upcoming year are to facilitate a signing with each NFL team and to be present at each NFL and PLAYERS INC sponsored event. We also encourage and invite players who are having events to seek the assistance of NFL Auction to help facilitate their auction item needs.

### **Wheel of Fortune NFL Players Week**

*Wheel of Fortune* continues to be one of the best vehicles for PLAYERS INC to showcase NFL players' personalities and generate revenue for player foundations and charities. *Wheel of*

*Fortune* is the highest rated show in syndication, reaching 100 million viewers weekly.

In its 9<sup>th</sup> season, NFL Players Week again produced the best results of the year for *Wheel of Fortune*, with an average 15.9 million viewers every day of the week, a tribute to the marketability of NFL players.

NFL Players Week delivered more viewers than 95% of all network programs, including *Law & Order*, *West Wing*, *Judging Amy*, and *Fear Factor*. Player Marketing secured player participation for the five shows, which aired during the first week of the Playoffs, January 5-9, 2004. Participating players were: Jerome Bettis, Dan Fouts, Joey Galloway, Charlie Garner, Eddie George, Trent Green, Dan Hampton, Matt Hasselbeck, Kris Jenkins, Keyshawn Johnson, Deuce McAllister, Brian Mitchell, Joe Theismann, James Thrash, and Moe Williams.

Players received total appearance fees of \$160,000 and approximately \$300,000 for their favorite charities. In addition to the exposure on *Wheel of Fortune*, each of the players recorded a *Jeopardy* clue which will air during this season of *Jeopardy*.

PLAYERS INC secured prizes from the following companies: nfl.com (shopping spree in the NFL shop), Visa (\$3,500 gift card), Staples (gift tag), the Atlantis Resort (all inclusive accommodations). We also secured the following prize packages: trip to the Pro Bowl, trip to the NFL Rookie Premiere, and the super prize, which featured a trip to the Super Bowl, a Reebok home gym and apparel, DirecTV system, memorabilia and much more, with a total value of \$39,250.

Plans are already underway for the taping of this year's shows.

## **NFL Players Golf Club**

For the past year, the NFL Players Golf Club has been temporarily sidelined, while PLAYERS INC and the NFL determined how to fold the activities into the current NFL Sponsorship Agreement. Once all issues were finally resolved this past fall, PLAYERS INC re-launched the Golf Club with a new line of products, marketing tools and sales strategies -- all consistent with official NFL Sponsorship guidelines. Since September, jump-starting the Golf Club has included:

### **PEPSI GOLF OUTING**

Five players were paid a fee for playing in this corporate outing during Super Bowl Week.

### **AMERICAN HEART ASSOCIATION TOURNAMENT**

Ten NFL players will participate in the American Heart Association Tournament, to take place April 19, 2004 in Leesburg, Virginia. This is the first time that the Golf Club has been able to negotiate a fee paid by a charity for NFL player participants and for services provided by the Golf Club. The Golf Club plans to pitch this fundraising approach to the American Heart Association for use by its local chapters across the country. We expect this to lead to more paid player appearances.

### **2004 PLAYBOY SCRAMBLE**

Twenty players participated in this charity event that took place in Los Angeles March 11-13, 2004. The event benefited Athletes Helping Children. The Golf Club is in discussions with the golf division of Playboy to explore the possibility of collaborating on tasteful, upscale events that could benefit NFL players' foundations.

### **STACKABLES SPORTS DOLL PROMOTION**

On January 24, an 8-week golf-related website promotion was launched on NFLPLAYERS.COM, sponsored by Stackable Sports Dolls. An NFL player will be paid a fee to play golf with the Grand Prize consumer-winner.

### **NFL PLAYERS GOLF CONCIERGE SERVICE**

The Golf Club has introduced its new NFL Players Golf Concierge Service to hotels, resorts and golf destinations. The service secures players during the off-season to host rounds of golf for corporate groups and VIPs.

To date, the Golf Club has met with and entertained interest from Pebble Beach, The Four Seasons, Wyndham Hotels, The Phoenician, The World Golf Village, Troon Golf, and several other upscale resort properties. Four Seasons Hotels plans to feature players when it launches its newest property – Four Seasons Great Exuma in the Bahamas. NFL players will be featured as golf hosts when the resort entertains its top 40 corporate clients at its newest 4-star property.

For the first time ever, the opportunity to play golf with NFL players will be marketed by the Super Bowl Host Committee. The Golf Club has been working with the subcommittee on golf of the Jacksonville Super Bowl Host Committee to further their interest in featuring the Golf Club (and the availability of NFL players for rounds of golf) to companies looking to book tee times and outings at any of Jacksonville's 42 golf courses for VIP customer hospitality during Super Bowl Week.

### **NFL QUARTERBACK CHALLENGE GOLF TOURNAMENT**

The Golf Club has been asked by the NFL to stage its NFL Quarterback Challenge Golf Tournament. The Golf Club has selected Robinson Ranch Country Club in Santa Clarita as the venue, and is putting final details in place for the event, scheduled to take place on April 23, 2004.

### **CALLAWAY**

The Golf Club is also focusing on generating golf-related merchandise benefits for all active NFL players. The Golf Club has negotiated a deal with Callaway to become an "Official Equipment Supplier," offering significantly discounted prices for all players on Callaway clubs, golf balls, and gear. A mailing will be sent to all active players this May with information on products and instructions about how to order. Player Reps who are interested in arranging a private Callaway club-fitting this fall at their team facility should contact Terry Lazin, President, NFL Players Golf Club.

**2005 NFL PLAYERS SUPER SHOOT-OUT IN JACKSONVILLE**

In January 2005, the NFL Players Super Shoot-out will return the weekend of Super Bowl XXXIX. Up to 60 NFL players will be invited to play in this event. Participants will receive appearance fees, gifts, and gear.

Among many other new projects still to be unveiled this coming season, the Golf Club will also be pursuing the following: Establishing an information network of all off-season players charity tournaments, so that players can access other players who might want to participate, exploring special NFL player golf programming with potential TV partners, creating more locally-sponsored Golf Club events, creation of a Golf Club page on NFLPLAYERS.COM, looking into a "Hall of Fame Golf" themed event, and unveiling new corporate Golf Club sales materials this summer.

# PROMOTION OF PLAYERS INC AND PLAYERS IN THE MEDIA

**Overview** PLAYERS INC promotes the positive accomplishments of NFL players on and off the field. We serve as a primary source for press covering sports marketing in general and the NFL in particular.

PLAYERS INC meets regularly with trade and consumer media to promote the brand and the players it represents. Press releases are issued regularly to announce new licensed products and promotional campaigns, as well as all PLAYERS INC events and properties. Any time players are involved, PLAYERS INC produces extensive bios for the press, covering their successes on the field and in charity and community efforts.

PLAYERS INC works closely with the NFL and NFL sponsors to announce upcoming sponsorship program activations.

PLAYERS INC manages on-site media activity at all company events to ensure that sponsors and players receive positive exposure in local and national media outlets.

PLAYERS INC stages an annual photo shoot with players to develop artwork for a national corporate ad campaign. The ads appear in sports marketing trade publications, such as *Street & Smith's Sports Business Journal*, *Brandweek*, and *Promo Magazine*.

PLAYERS INC also produces a quarterly newsletter which is distributed to all current and retired players, licensees, and agents. The PLAYERS INC newsletter highlights company news and updates in the licensing and marketing arena, recaps major events, and provides positive and revealing news tidbits on individual players. In addition, the newsletter serves as an outlet to publicize players' entrepreneurial and charitable endeavors.

Specific coverage of PLAYERS INC's events and properties included:

## **NFL PLAYERS ROOKIE PREMIERE**

Several media outlets covered the 2003 NFL Players Rookie Premiere in Los Angeles. TV coverage included BET, while print coverage was more varied as a national daily, industry trade magazines and an online publication featured coverage of the event. Outlets included *Sports Business Daily*, *Cleveland Plains Dealer*, *espn.com*, *Brandweek*, *Trade Fax*, and *Card Trade*.

## **NFL PLAYERS AWARDS GALA/UNSUNG HEROES**

Last year, the NFL Players Awards Banquet honoring the Unsung Heroes, held annually in Washington, DC, garnered national media interest including mentions in the *Tampa Tribune* and the *St. Louis Post-Dispatch*. Local coverage included TV and print outlets, and a live broadcast from the event on WOL-AM's "Sports Groove" show, which was also simulcast on XM Satellite Radio.

### **WHEEL OF FORTUNE NFL PLAYERS WEEK**

The NFL Players Week on the *Wheel of Fortune* was covered on-site by sports and entertainment media outlets including *Sports Illustrated for Kids*, *ESPN the Magazine*, FOX Sports Radio, The TV Guide Channel, and KABC-TV (Los Angeles) and each outlet conducted interviews with the 15 NFL players. The press release was distributed nationally over the wires, to the regional newspapers of the players' hometowns and to the NFL PR teams to distribute to the national media. Coverage included a photo and mention in the *SportsBusiness Journal*, *Sports Illustrated for Kids*, *ESPN the Magazine*, and on local ABC affiliates in the 15 markets.

### **SUPER BOWL XXXVIII**

Media efforts surrounding Super Bowl utilized more than 75 NFL active and retired players who conducted 135 media interviews garnering an approximate 19,390,363 impressions. Part of this effort was a result of a radio partnership we formed with Houston's Clear Channel stations throughout the entire month of January which included recorded and live promotional spots promoting NFL Player Mania, daily interviews with NFL players and a live broadcast from the VIP Party. We also placed an advertisement in the *Houston Chronicle* promoting "NFL Player Mania Presented by NFL Fever 2004" in the Super Bowl section on three different days. Additionally, on-site media interviews were conducted at sponsor and charity press conferences throughout Super Bowl week, but are difficult to measure and therefore not reflected in the total number of impressions.

### **PLAYERS INC/GENERAL**

National promotions created by PLAYERS INC received local, regional and national media attention, including the hobby-based NFL Player of the Day promotion, the NFL Player Fantasy Football sweepstakes promotion, Xbox Live Connection and NFL Fever Tuesdays, a media promotion with Microsoft.

Over the past year, media coverage of the company's efforts included industry trade publications such as *SportsBusiness Journal*, *Sports Business Daily*, *License! Magazine* and *Promo Magazine* and *Beckett Publications*. Locally, WUSA-TV ABC Channel 9 aired a two-part story during November Sweeps on the video game industry phenomenon that featured PLAYERS INC.

PLAYERS INC continues to be a resource for interviews, feature stories and information on NFL players. We coordinated interviews with NFL players and provided background information for many outlets throughout the year, including national media outlets such as *Inside the NFL*, *Real Sports with Bryant Gumbel*, *ESPN*, *Cold Pizza*, and *Bloomberg News*.

### **FY05 Projections**

PLAYERS INC continues to be a major force in the sports marketing industry with proven name-branded events, successful sponsorship programs and licensing partnerships. The media continues to learn about the role of PLAYERS INC, its properties and access to NFL players through meetings, ongoing dialogue and the distribution of news announcements. Through strategic media outreach, we will strive to elevate the PLAYERS INC brand and

the visibility of PLAYERS INC-produced events. We will continue to promote the “off-the-field” achievements of NFL players by working closely with NFL team community and public relations departments. We will also work to become more involved in the communications initiatives of licensees, partnerships, corporate sponsors and the NFL.

## **NEW BUSINESS**

### **LICENSING**

Focusing on new areas of retail licensing is always a goal of PLAYERS INC. Through the addition of new collectibles licensees, a licensee for women's apparel, and two new video game licensees for wireless devices, we will continue to diversify our licensing business and create new revenue streams.

### **PROMOTIONS**

PLAYERS INC continues in its efforts to explore promotional opportunities with NFL teams, as most sponsor categories pass through to NFL teams (i.e., even though Pepsi is the national soft drink sponsor of the NFL, the individual teams are free to negotiate their own soft drink deals with any company they choose). The NFL Sponsor Agreement allows us to pursue opportunities with teams and their local sponsors to integrate players into their local activation programs, as long as the activity does not interfere with the rights we grant the NFL in the sponsorship agreement.

We attended the NFL Club Marketing Meetings, held recently in Chicago, to meet with individual club marketing reps to continue to educate them about PLAYERS INC.

### **TELEVISION**

PLAYERS INC will produce four new half-hour television specials which will air on FOX Sports Net this fall, one each in September, October, November, and December. EA Sports has agreed to be the title sponsor at \$250,000, and the shows will focus on a "behind the scenes" theme. One will focus on the activities that take place during Super Bowl Week, while another will provide a look into the staging of a television commercial shoot. The third will follow a rookie from the draft to the first regular season game, and the fourth follows a free agent through the process of selecting and signing with a new team.

### **PLAYER MARKETING**

Also, we continue to reach out to companies who are not current PLAYERS INC licensees or competitors of NFL sponsors to generate additional player appearances. In FY'04 we generated 85 player appearances for \$290,000 to players. Participating companies included TSE Sports, an agency scheduling player appearances at Wal-Mart stores and Get Motivated seminars. We will continue to pursue additional paid player opportunities in this area in FY'05.



## CONCLUSION

As we look ahead to FY'05, it is important to remember that retail licensing is very cyclical. As certain products run their course and new products are developed, there are often dips in revenue that result from those market changes.

- The video game market will likely start to level out as Playstation 2 runs its course and the market positions itself for the introduction of PS3;
- As the Reebok jersey market matures we may see a moderate increase in royalties, but not at the same rate as the last two years;
- Trading card revenue should remain relatively stable;
- Revenue to players and PLAYERS INC from the NFL Sponsorship Agreement is expected to increase again in FY'05, as the NFL pursues opportunities in new categories;
- We should continue to see increased traffic to NFLPLAYERS.COM, with continued efforts to promote player interaction and the creation of new features and promotions;
- We will continue to develop the NFL Players Golf Club to provide paid golf appearances and other benefits to players;
- We will pursue additional opportunities to produce television specials to promote players and PLAYERS INC, as well as generating a new revenue stream.

PLAYERS INC will celebrate its 10<sup>th</sup> birthday on May 8. Since its inception:

- \$226.4 million has been generated for players through the equal share royalty pool and from other payments by PLAYERS INC licensees and sponsors;
- \$104.8 million has been paid to the NFLPA by PLAYERS INC and its licensees;
- \$77.1 million in PLAYERS INC operating expenses represents the cost of generating \$408.3 million (or 18.9% of total).

It is the players who make it possible for us to reach our goals. The level of cooperation and enthusiasm we have received from the players, in addition to the level of professionalism shown in their interaction with licensees, sponsors, fans and the PLAYERS INC staff, will ensure our continued success.

Thanks especially to the NFLPA Executive Committee and Board of Player Representatives for your support throughout the year.

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**APPENDIX A**  
**Group Licensing Assignment**



TEAM: \_\_\_\_\_

**NFL PLAYERS ASSOCIATION  
GROUP LICENSING ASSIGNMENT**

The undersigned player, a member of the National Football League Players Association ("NFLPA"), hereby assigns to the NFLPA and its licensing affiliates, if any, the exclusive right to use and to grant to persons, firms or corporations (collectively "licensees") the right to use his name, signature facsimile, voice, picture, photograph, likeness and/or biographical information (collectively "image") in group licensing programs. Group licensing programs are defined as those licensing programs in which a licensee utilizes a total of six (6) or more NFL player images in conjunction with or on products that are sold at retail or used as promotional or premium items. The undersigned player retains the right to grant permission to a licensee to utilize his image if that licensee is not concurrently utilizing the images of five (5) or more other NFL players in conjunction with or on products that are sold at retail or are used as promotional or premium items. If the undersigned player's inclusion in a particular NFLPA program is precluded by an individual exclusive endorsement agreement, and the undersigned player provides the NFLPA with timely notice of that preclusion, the NFLPA agrees to exclude the undersigned player from that particular program.

In consideration for this assignment of right, the NFLPA agrees to use the revenues it receives from group licensing programs to support the objectives as set forth in the By-laws of the NFLPA. The NFLPA further agrees to use its best efforts to promote the use of NFL player image in group licensing programs, to provide group licensing opportunities to all NFL players and to ensure that no entity engages in a group licensing program without first obtaining a license from the NFLPA. The NFLPA makes no representations regarding group licensing other than those expressed herein. This agreement shall be construed under New York law.

This assignment shall expire on December 31, 2007 and may not be revoked or terminated by the undersigned player until such date.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Player's Signature

Agreed to by the NFLPA:

\_\_\_\_\_  
Player's Name (PLEASE PRINT)

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

Player's Autograph

**APPENDIX B**  
**NFL Player Contract Language**



## NFL PLAYER CONTRACT

4.(b) Player hereby assigns to the NFLPA and its licensing affiliates, if any, the exclusive right to use and to grant to persons, firms, or corporations (collectively "licensees") the right to use his name, signature facsimile, voice, picture, photograph, likeness, and/or biographical information (collectively "image") in group licensing programs. Group licensing programs are defined as those licensing programs in which a licensee utilizes a total of six (6) or more NFL player images on or in conjunction with products that are sold at retail or used as promotional or premium items. Player retains the right to grant permission to a licensee to utilize his image if that licensee is not currently utilizing the images of five (5) or more other NFL players on products that are sold at retail or are used as promotional or premium items. If Player's inclusion in a particular NFLPA program is precluded by an individual exclusive endorsement agreement, and Player provides the NFLPA with timely notice of that preclusion, the NFLPA will exclude Player from that particular program. In consideration for this assignment of rights, the NFLPA will use the revenues it receives from group licensing programs to support the objectives as set forth in the By-laws of the NFLPA. The NFLPA will use its best efforts to promote the use of NFL player images in group licensing programs, to provide group licensing opportunities to all NFL players, and to ensure that no entity utilizes the group licensing rights granted to the NFLPA without first obtaining a license from the NFLPA. This paragraph shall be construed under New York law without reference to conflicts of law principles. The assignment in this paragraph shall expire on December 31 of the later of (a) the third year following the execution of this contract, or (b) the year in which this contract expires. Neither Club nor the League is a party to the terms of this paragraph, which is included herein solely for the administrative convenience and benefit of Player and the NFLPA. The terms of this subparagraph apply unless, at the time of execution of this contract, Player indicates by striking out this subparagraph (b) and marking his initials adjacent to the stricken language his intention to not participate in the NFLPA Group Licensing Program. Nothing in this subparagraph shall be construed to supersede or any way broaden, expand, detract from, or otherwise alter in any way whatsoever, the rights of NFL Properties, Inc. as permitted under Article V (Union Security), Section 4 of the 1993 Collective Bargaining Agreement ("CBA").

**APPENDIX C**  
**2003/2004 Licensees and Sponsors**

## 2003/2004 PLAYERS INC LICENSEES AND SPONSORS



### Trading Cards

Donruss/Playoff  
Fleer Trading Cards  
RC2 (Press Pass)  
The Topps Company, Inc.  
Upper Deck Company

### Collectibles and Memorabilia

Alexander Global Promotions  
Bradford Exchange  
EBay/NFL/PLAYERS INC Auction Site  
Serious USA, Inc  
Flipp Sports  
Healy Specialties, Inc.  
Memory Company  
Merrick Mint  
MBI, Inc.  
MVP Pics  
Peter David  
Pro Specialties Group  
Serious USA  
Stackable Sports Dolls  
Steiner Sports  
Team Beans  
Todd McFarlane  
Wincraft

### Interactive Games

989 Sports / Sony Computer Entertainment  
Atari  
Electronic Arts  
Midway Home Entertainment  
Sega of America  
Strat-O-Matic Game Co. (Board Game)  
XBox/Microsoft

### Endorsements

Bally Total Fitness  
MBNA

### Radio & Television

PLAYERS INC RADIO  
NFL Players Rookie Premiere (FOX Sports Net)  
NFL Players Unsung Heroes (FOX Sports Net)  
Wheel of Fortune NFL Players Week  
(Syndicated)

### Fantasy Football

ABC Enhanced Television  
All Sport Entertainment  
CDM Fantasy Sports (USA Today)  
Electronic Arts  
ESPN Internet Ventures  
FOXSports.com  
Jackpot Sports  
National Football League  
SportsLine, USA  
Stats, Inc.  
The Sporting News

### Fantasy Football (cont'd)

WhatIfSports.com  
Yahoo! Inc

### Apparel

Exclusive Pro Sports  
Footlocker.com/NFL Shop  
Jeff Hamilton Industries  
Majestic Athletic  
Outer Stuff  
Reebok/On Field Apparel  
Ripon Athletic  
Stahls' Hotronix

### Events

NFL Players Gridiron Gala  
Reebok NFL Players Rookie Premiere  
NFL Player Mania at the NFL Experience  
NFL Players Super Shoot-Out Golf Tournament

### Photos, Calendars, Posters & Novelties

John F. Turner & Co., Inc.  
K2/Fotoball  
Photo File, Inc.  
Transport Graphics/Apeels  
Trends International

### Community Awareness Programs

Pop Warner Little Scholars  
Stay Cool in School  
Special Olympics D.C.  
Native vision

### Publishing

Athlon Sports Communications

### NFL Sponsors

Bayer (Levitra)  
Campbell Soup Company  
Canon USA  
Castrol Oil  
Coors Brewing Company  
Dairy Management Incorporated  
FED-EX  
Frito-Lay  
General Motors  
IBM  
Masterfoods (M&M Mars)  
MBNAmerica  
Motorola  
News America  
Oscar Mayer Foods Corporation  
Pepsi  
Quaker Oats/Gatorade  
Southwest Airlines  
Staples  
Sirius Satellite Radio  
Tropicana  
Visa

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Donruss/Playoff  
John F. Turner  
Fairmont Miramar Hotel Santa Monica

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Microsoft (Title Sponsor)

Majestic Athletic (Presenting Sponsor)

**2003 NFL QUARTERBACK CHALLENGE**

989 Sports (Title Sponsor)  
Fed Ex  
Southwest Airlines

Castrol SYNTEC  
Sports Authority  
Upper Deck



**APPENDIX D**

**Print Advertising/Point-of-Sale Samples**

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**YOU THIRSTY FOR MORE?**

**BLITZ UP YOUR THIRST**

**SCORE at Circle K with Pepsi & the Carolina Panthers**

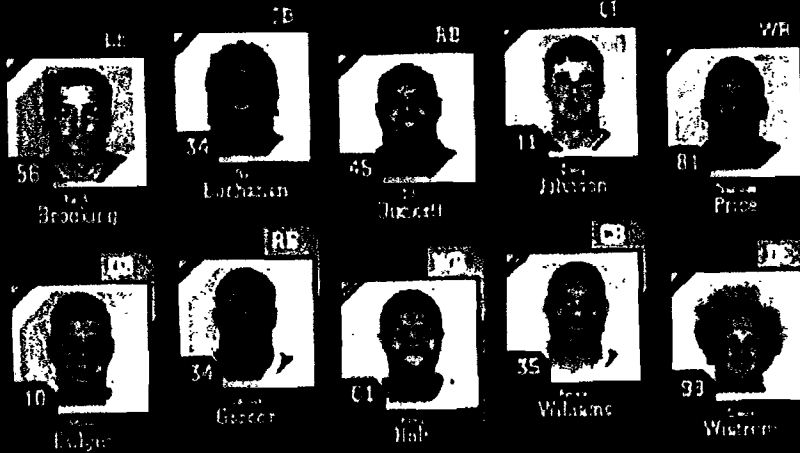
**GET'S 10 BACK SUPER BOWL BASH**

**PEPSI**

**NFL**

**PEPSI**

NEXT WEEK'S  
NOMINEES



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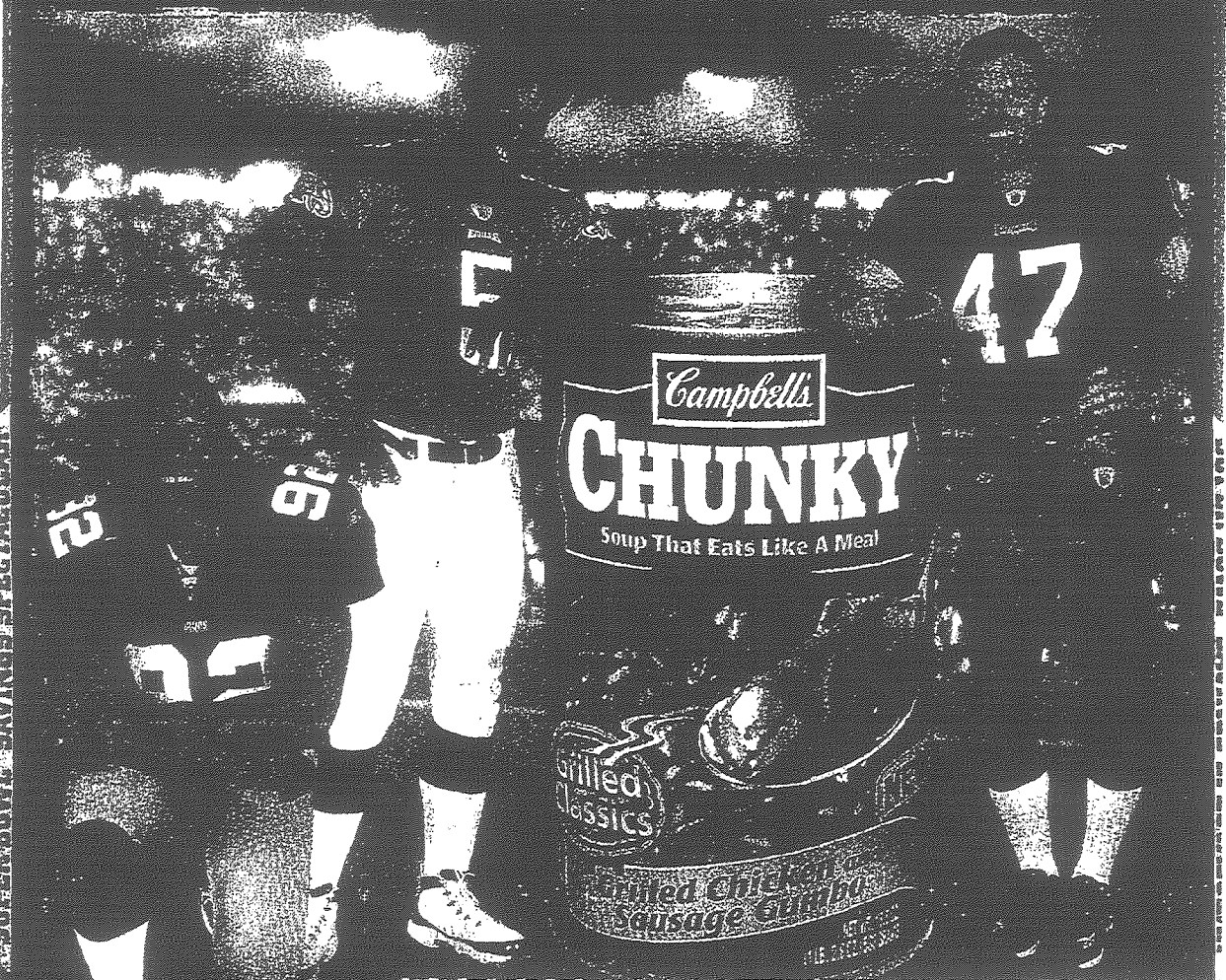


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