



BUSINESS PLAN

FOR INVESTMENT IN
SHEFFIELD WEDNESDAY FC
NOVEMBER 2010

WTID
WEDNESDAY 'TIL I DIE

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1. Opportunity overview

This document describes a unique and compelling opportunity for a community benefit society working in partnership with 3rd party financial investors to become the majority owner of one of the most historic clubs in English football at an extremely attractive valuation. Founded in 1867, Sheffield Wednesday Football Club ("SWFC" or the "Club") is the 5th oldest football club in England and one of the 20 founding members of the English Premier League ("EPL"), the most lucrative and popular football league in the world. Based in Sheffield, South Yorkshire, England, SWFC has a history of on-pitch success having won four League titles, three FA Cups and one League Cup. The Club currently competes in the Football League Npower League 1. SWFC plays its home matches at Hillsborough Stadium, the 10th largest stadium in all of English football with a capacity of 39,812. For the FYE May 31, 2011 the Club is projecting revenues of £12 million.



Following two decades of under investment and poor management SWFC currently underperforms commercially compared to most of its peers, despite having a larger fan base and being located in the middle of a very large commercial region. Whilst some improvements have been made in recent years there is a clear opportunity to significantly improve commercial performance on the back of "closing the book" on a very negative chapter in the clubs history, making a clean sweep change to the senior management structure and establishing a management team with the skills, energy and appropriate cultural beliefs to meet the challenge of running a modern football club. This team will implement a sound business plan working in true partnership with the fan base anchored on the concept of "Community" and focusing on: (i) building community and corporate awareness and affinity for the SWFC brand, (ii) enhancing the match day experience through modest investment in the infrastructure to further monetize the fan base, and (iii) increasing attendance through improved sales/marketing tools and initiatives – these will be galvanized by the change in perception of shared ownership and this truly being 'our club'.

To capture and execute against this opportunity the intent is to create a strong partnership at ownership level between a community benefit society, with members drawn from and open to the entire fan base, and a block of 3rd party financially motivated investors. The financially motivated investors initially may be drawn from the fan base but in the long term will most likely be filled by large institutions or ultra-high net worth individuals. The legal structure that this plan will implement will allow for an evolution of the ownership structure whilst maintaining stability by giving the community benefit society a permanently strong position.

2. WTID mission statement

Vision

Our vision is to change the direction of Sheffield Wednesday Football Club by returning its ownership to the people that have sustained it for over 140 years; the fans and community of Sheffield. Through a transparent, accountable and democratic approach we will rebuild the trust and pride of the city to sustain a successful football club for the next 140 years and beyond.

Aims and objectives

- Secure controlling ownership of Sheffield Wednesday Football Club for the fans and community
- Introduce a Board elected by the members, accountable to the members, who will have direct influence at football club board level.
- Consolidate the debts, grow the business sustainably and reinvest all resources back into the club and community
- Rebuild trust with businesses, banks, sponsors, the local Council and all other organisations that share our long term vision of a sustainable and successful community football club
- Enhance the social, cultural and economic impact of the football club
- To play at the highest level possible, but never putting our club at risk of being back in the high court again

What is a Community Club?

A community club is unlike the vast majority of professional football clubs as it has community objectives written into its constitution, and whatever money it might make must by law be re-invested back into either the club or the community.

Sustainability is a guiding principle of a community club so we will only spend what we earn and be transparent in our operations. That may sound like a disadvantage with the current boom or bust culture that exists within football but we actually believe it is a huge benefit. The real route to success and promotion in the long term is to grow our resources, our fan base and strength collectively. That way it will be sustained rather than the quick fixes we have seen in the past and at other clubs around us. To do that we need to rebuild trust in the club, which will result in a collective momentum of people getting behind a club in which they have a real stake. Rather than the money and ideas of a few directors, it will be the money and ideas of thousands of supporters and residents of the city. This support has always been there; it just hasn't always been listened to.

Rather than being something owned by a few shareholders, a community club has an inclusive ownership structure with membership affordable and open to anyone who has an interest in the club or the community; members enjoy the same influence no matter what money they might bring to the table. This all fits with our vision that football clubs are community assets and should be run for the benefit of all. Of course football club facilities should be used for a wide range of community events and activities, for all ages and interests; this should be an important resource in attracting new fans to the club, as well as a valuable income stream. A community football club is much more than the community department of the club. It is a change in the way it operates, talks to people and makes decisions. It is part of the fabric of communities and the democratic structure fits with the community involvement vision like no other ownership structure.

A community football club helps to bring the community together and through mutually beneficial links with local business should be an important part of the social and economic structure of the local area. The people of the community should have pride in the club as a responsible representative of the region, regardless of whether or not they attend the games on match day, and they should genuinely wish to see the club succeed and flourish, building on the rich heritage of the blue half of Sheffield. We know that there is some work to be done to rebuild trust and the attachment that the community has with the football club, but it is this partnership approach that will ultimately serve as our greatest asset. We know that in the past like other privately owned football clubs Sheffield Wednesday FC has become reliant on the money and the ideas of a few which leads to numerous problems such as a breakdown of communication and a disenfranchised fan base. It also inevitably leads to those people that have put money into the club protecting their investments rather than taking decisions that benefit the club as a whole. This model won't allow that. If people start to protect their interests the membership will be able to hold them to account and change the board structure.

Aside from the ownership issue it is easy to forget the football itself. With channels open to feedback about what is and isn't working at the club, on match day and beyond, the average fan can genuinely influence the direction of the club and the best ideas can be heard. Being a football fan has always engendered a sense of belonging. The establishment of Wednesday as a community club will take away the last barrier to that and means all the energy, passion and enthusiasm that a football club generates amongst its fans is used in a proactive way.

3. The WTID financial team

XXXXXXXXXX

- BA (Hons) in Business & Management from Sheffield Hallam University
- BSc in Applied Accounting
- Member of the Association of Chartered Certified Accountants (ACCA)
- Manager at XXXXXXXXXX specialising in trading companies in Administration or Administrative Receivership
- Sole Director of XXXXXXXXXX, business rescue and company turnaround specialists SWFC season ticket holder for 25 years.

XXXXXXXXXX

- BA (Hons) in Business Studies from City of Birmingham Polytechnic
- Fellow of the Institute of Chartered Accountants in England and Wales (FCA) Senior Portfolio Manager at XXXXXXXXXX, Chartered Accountants, Sheffield

XXXXXXXXXX

- BSc (Econ) in Economics from Hull University
- Qualified with XXXXXXXXXX -Admitted to Membership of Institute of Chartered Accountants
- Became tax manager of XXXXXXXXXX Chartered Accountants.
- Became a Partner at XXXXXXXXXX - Responsible for a portfolio of 200+ clients primarily in the owner managed sector
- Fan since 1974, season ticket holder for last 20 years

4. Legal structure of acquisition vehicle

Bencom

WTID is in the process of being incorporated as a community benefit society (BenCom) and will be registered with the Financial Services Authority. As a BenCom it has both share capital and members (ownership of shares and membership being mutually inclusive). Unlike other legal forms with share capital, each member only has one vote in the affairs of the society, regardless of how many shares they hold.

In the case of WTID, these shares are withdrawable shares. This means that they cannot be transferred between members or other parties and can only be redeemed by the society, and such redemption will always be at their par value of £1. It is important to note that the board of directors has an absolute right to suspend the withdrawal of shares as they see fit.

No individual members may hold more than £20,000 in shares, unless they are themselves an industrial and provident society.

Share Issuance

It is the intention of the society to arrange a community share issue to raise the sums of money outlined in this business plan, with a minimum uptake of 100 £1 shares to join during the period of the share issue. Following the completion of the share issue individuals will be able to join the society by buying a single £1 share.

Governance

The society is governed by a board of directors who are elected by the members (on a one member, one vote basis) at general meetings. Initially, the Directors of the society will be the three founding members plus up to two other co-opted professional directors. They will then resign at the first general meeting of the society and open elections will be held. Following this first general meeting, appointments will be for a term of three years.

Profits and Surpluses

The society does not intend to pay interest on its share capital but its rules do give it the option to do so at some later date if it is felt necessary. Regardless, the level of interest paid may never exceed the minimum required to secure the needed investment which, in the case of this society, would be around a maximum of base rate +2.5% (which reflects the higher risk nature of football investments).

In the first instance, any profits generated will be used in the pursuit of a majority shareholding for WTID in the club. In the second instance profits will be used to support the club's activities. In the third instance profits will be used for such social and charitable purposes as the board feels fit.

Members' rights

Being a member of the Bencom enables certain rights which ensures the democratic nature is withheld. These include (but are not limited to) an opportunity to stand for the Board of WTID, an opportunity to vote in elections and the ability to hold the Board to account and replace it should it not be fulfilling its duties.

Governing law and Investor protection

WTID is not an authorised institution under the Banking Act 1987 and does not accept deposits. This means there is no share deposit protection scheme for investors. WTID is an exempt person from the regulated activity of deposit taking by its issue of shares pursuant to Paragraph 24 of Part II of the Schedule to the Financial Services and Markets Act 2000 ("FSMA") Exemption (Order 2001). The shares are not a specified investment for the purposes of Section 22 of FSMA (What is a Regulated Activity) pursuant to Paragraph 76 of FSMA (Regulated Activities) Order 2001.

It is therefore not authorised by the Financial Services Authority. If the business fails members have no right of complaint to the Financial Ombudsman or the Financial Services Compensation Scheme.

An investment in the withdrawable and non-transferable shares of an Industrial and Provident Society is not treated as a controlled investment for the purposes of Section 21 of FSMA (The Financial Promotion Prohibition) pursuant to Paragraph 14(3) of Schedule 1 of the FSMA (Financial Promotion) Order 2005.

Source: Humberside Co-operative Development Agency

5. Raising funds

Immediate fighting fund

An initial fighting fund will be required to meet the set up and administration costs of WTID, as it will take some weeks for the incorporation and opening of bank accounts. Sheffield Wednesday Supporters' Society Ltd (Wednesdayite) has agreed to promote and allow its paypal and its Community bank account to be used to collect donations for this purpose. This has the support of Supporters Direct.

PayPal donation buttons and bank transfer details will be put onto all the major fans' websites and email requests to members of Wednesdayite and fans who have pre-registered with WTID. Our initial aim will be to raise £20,000 for this fund.

Raising acquisition funds from high net worth individuals ("HNWI")

Initial cash funding has been secured from HNWI supporters of SWFC. It is intended that these funds be used to immediately acquire control of the club (see the section below for further details) and to assist with the immediate stabilisation of the club's financial position. The WTID Bencom will not be the conduit for this; it is intended that a separate consortium vehicle be used which will eventually co-own the club alongside the Bencom.

The shareholding held by these HNWIs in the club will be diluted by the Bencom's shareholding in due course.

It is envisaged that once this immediate dilution has occurred the fans will always retain control of the club either through a majority shareholding or some kind of right of veto over major decisions.

Raising immediate funds from fans

Once immediate funding has been acquired from HNWIs as detailed above, it is intended as soon as possible, to raise funds from the wider fanbase by inviting them to acquire withdrawable shares in WTID as detailed above. It is intended that this offer will be launched by the end of 2010. It is acknowledged that SWFC has a huge latent fanbase so the potential is there to raise significant funds in this way. Latest management information obtained through club consultations on ticketing strategies with Wednesdayite confirm that over the last 5 years there have been over 20,000 unique season ticket holders, over 30,000 unique home match day ticket holders and the club's website www.swfc.co.uk has averaged over 250,000 unique visitors with approximately 1/3 living outside of the UK.

Even when taking into account the current economic climate and the impact that has on the percentage of fans that have the financial status to support this investment proposal, this still leaves a huge number of fans that could participate. We have seen from fans at other clubs the potential for raising finance when their club is in serious danger financially, for example Brentford fans that raised £1 million back in 2005 to save their club. With an average attendance of around 6,500 at the time you begin to see the potential.

The table below indicates the funds that can potentially be raised in this way:

No. of fans	Average investment	£ Raised
5,000	150	750,000
10,000	150	1,500,000
15,000	150	2,250,000
20,000	150	3,000,000
25,000	150	3,750,000
30,000	150	4,500,000

Other features of the fan investment would be:-

- No withdrawal of shares will be allowed for a period of three years from the initial share issue. This is to provide stability and a suitable timeframe in which to stabilise the club's finances.
- Once the above period has expired, a cap on the % of the total issued shares in WTID that can be withdrawn in a year will be imposed, again to provide stability to the club's finances.
- An indivisible reserve will be created in which to ringfence funds to repay the share capital of withdrawing shareholders.

Ongoing fundraising

Whilst the club will continue to seek money from HNWIs and fans as detailed above on an ongoing basis, it will move away from being reliant on large sums from individuals as we've seen from both our club and other football clubs that this 'benefactor' model is unsustainable and often leaves clubs vulnerable.

One way of being more self sufficient is to look at raising money from memberships and supporters through more traditional fundraising means. We know from other community clubs that this can be a very useful and reliable source of income and all helps with the engagement people feel for the club. AFC Wimbledon have regularly benefited from donations of £100,000 a year, which shows the potential at Wednesday as this has all been done from a membership of 1,800 and an average home crowd of under 3,000.

6. Taking control

The plan suggests a three phase investment fundraising process with the first phase split into two steps separated by a few months. The second phase coming in the mid-term once the club is established in the Championship again and the final phase once the club is ready to push for establishment in the Premier League.

Throughout the process the planned structure is based on community ownership working in partnership with 3rd party financial investors.

The first phase focuses on establishing control and effecting fundamental change in the governance and culture at the club. Step one, to bring in the immediate funding requirement of circa £1.6m, will come from our partners investing in the HNWI structure alongside the WTID structure. Step two involves a much larger fund raising by way of a second raise in the HNWI vehicle alongside the WTID structure to be completed in two to three months' time.

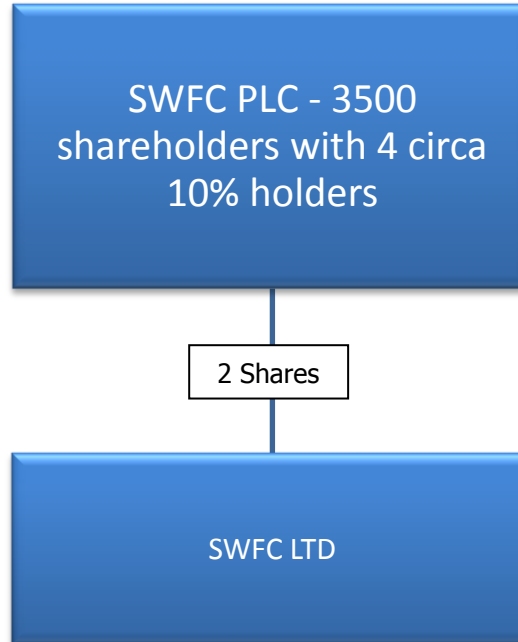
We envisage that the best way to bring the new equity funding into the club and also to bring in future investments is to bypass the PLC and invest directly into Sheffield Wednesday Football Club LTD while offering all existing shareholders the opportunity to participate in the HNWI and WTID structures to maintain their shareholder relationship.

We anticipate that all equity placings (we do not envisage any increasing use of debt going forward) up to when the club is established in the Premier league will all be carried out under pre-agreed terms and set as price per share values that both prove attractive to new investors whilst delivering a good return to investors participating in both the HNWI and WTID structures. This would be carried out having negotiated terms of a full restructuring of the existing debt as and when new equity comes into the business.

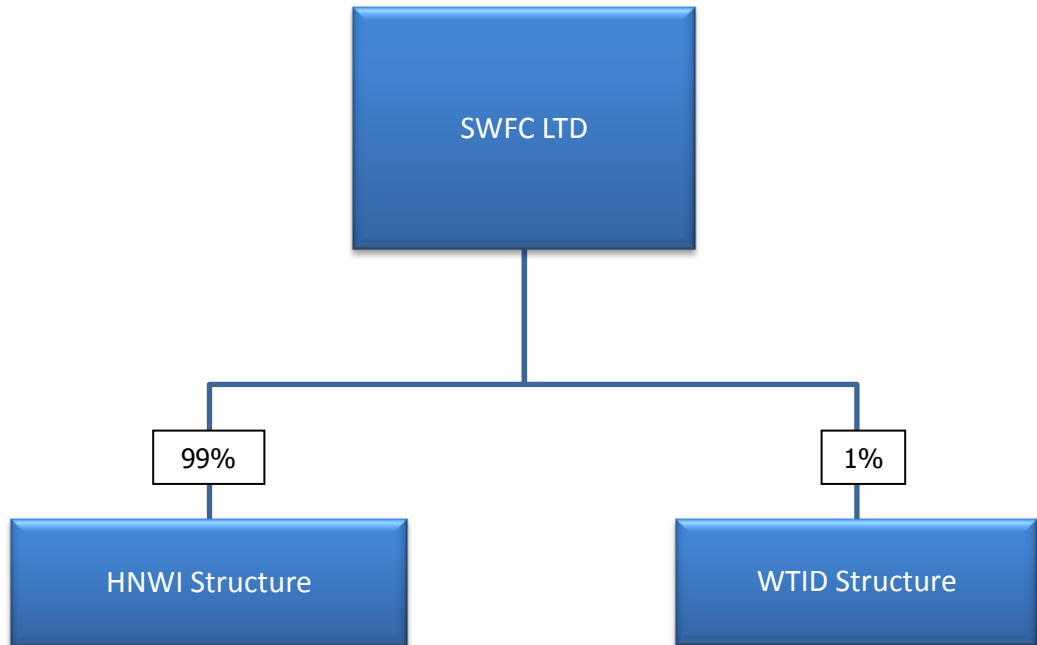
Based on benchmarking historical transactions and taking a very conservative view of future enterprise valuations of SWFC there is clear scope to achieve this strategy. We believe that this commitment to terms and price will also be a key benefit to the existing debt holders.

7. Post acquisition shareholder structure

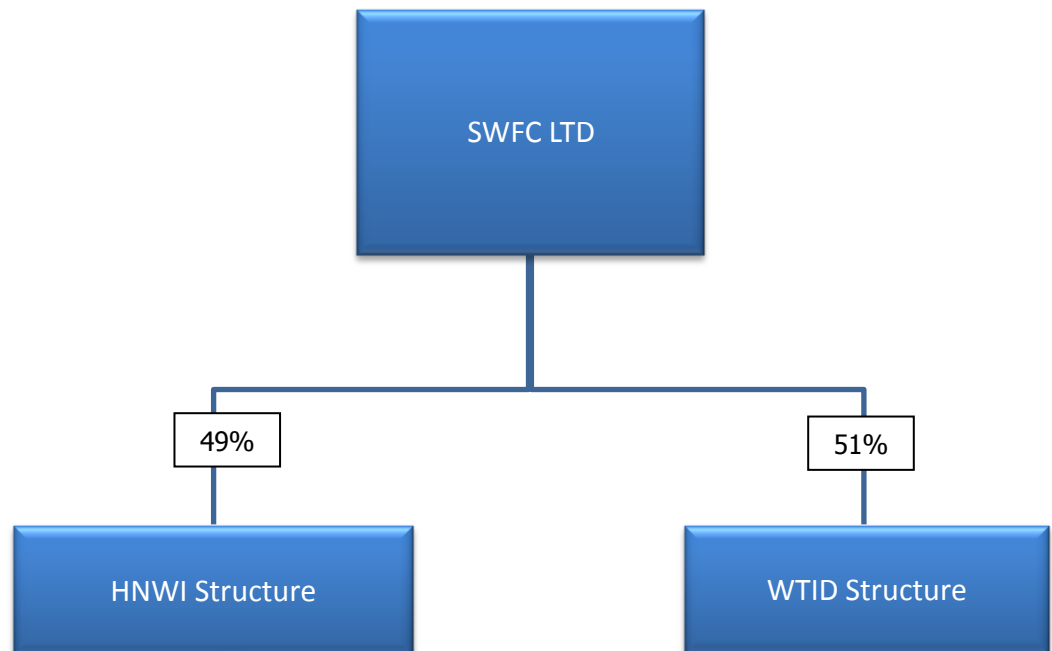
Current structure



Structure after step 1 of phase 1



Structure after step 2 of phase 1

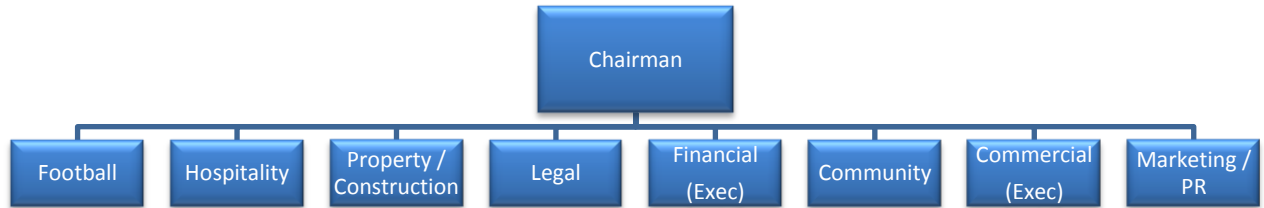


Management structure and governance

As well as the immediate financial needs the other area that must be addressed as a matter of priority is the club's senior management structure.

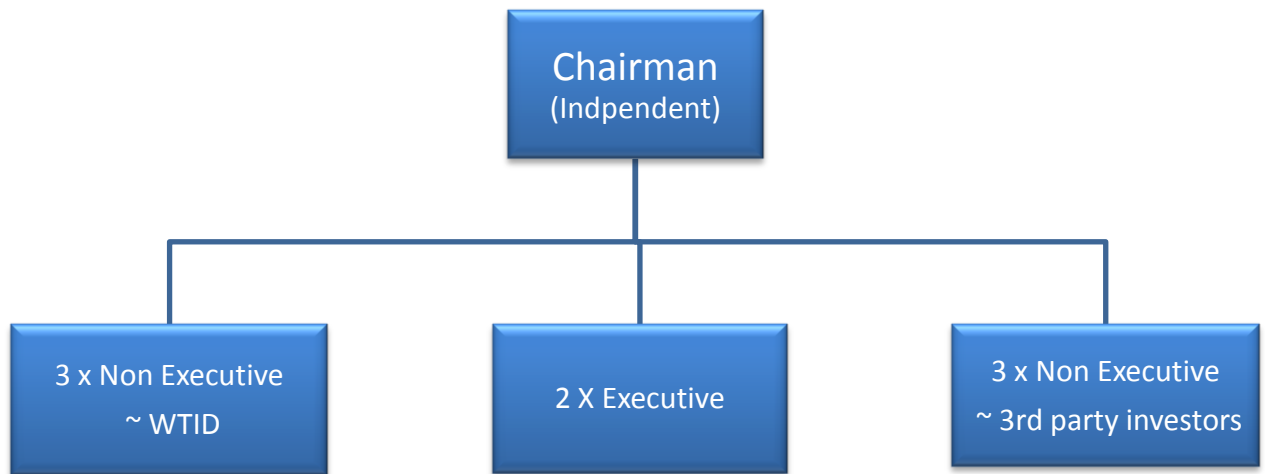
In the long term like other large clubs which are run on a proper footing the management functions will be fulfilled by full time contracted executives. In the short term many of the requisite skills and resources will need to be supported by non-executive directors alongside the organic development of the executive structure.

Required Assets / skills / network / experience for SWFC Board:-



From a governance perspective it is envisaged that there will be an independent chairman chairing a board made up of directors appointed by WTID and also the 3rd party financial investors.

Governance structure:-



8. Timeline – immediate action - dealing with HMRC

As soon as the Bencom/HNWI partnership has taken control of the club, the priority tasks will be:

- Contact HMRC
- Ascertain and review any liabilities owed to HMRC
- Forecast forthcoming liabilities likely to fall due
- Based on financial projections prepared immediately by the accountants in the team, negotiate a feasible payment plan with HMRC

The aim of this is to stabilise the club's finances and remove the risk of insolvency proceedings being issued by HMRC.

9. Timeline - the remainder of the 2010/11 season

Having stabilised the club's finances and satisfied major creditors, a plan will be established for the remainder of the 2010/11 season. It is foreseen that this will include:

1. Finalising and optimising the investment from fans.
2. Agreeing an ongoing strategy for seeking appropriate investment.
3. Identifying revenue generation opportunities capable of materialising before the end of the season. Further details of potential revenue generating opportunities are set out below.
4. Following a forensic review of the club's costs by suitably qualified professionals (including those in the WTID team), identifying budget control measures needed before the end of the season. Further details of potential budget control measures are set out below.
5. Repairing and enhancing relationships with creditors, especially those in the community.
6. Undertaking a value for money review to ensure that club expenditure is controlled and efficient.
7. Ensuring that disenfranchised supporters are attracted back to the club.

Timeline - the 2011/12 season and beyond

The mid-term plan focuses on the ongoing development of the core functions of the club with the rate of development being determined by the amount of equity funding raised, increased revenue generation and funding raised through partnerships and grants. Clearly the biggest variable in this process will be the impact on finances as a result of success on the pitch but for the purposes of the document our view is that the club being rescued by the fans through a community benefit society will facilitate the largest opportunity for support and buy-in of the fan base, and will allow for a long term development of the club alongside realistic improvement on the pitch resulting in attaining stability in the Championship within the horizon of the plan.

These core functions break down as follows:-

[a] 1st team operations

SWFC is currently operating on a football budget that on paper positions the club for automatic promotion in L1 and once the off field disruption is removed it is anticipated that strong progress will be seen on the pitch. Through a combination of investment, cost review and revenue generation the intent is to maintain this budget until promotion is achieved. Based on the current economic model that applies to the Championship then it is envisaged that SWFC would be able to operate a football budget that supports a mid-table position excluding the impact of further equity investment.

Major development of the medical operations and policies have been affected in the last year or so. The remaining area in need of development is on the recruitment side. The club does not have a robust scouting network and structure as a result of blunt cost cutting measures and the poor brand the club has had in the football community for much of the last 20 years.

[b] Fan engagement

There is currently a huge hangover of negativity from the fan base to the current board which will be lifted through this process. Given that we will be mobilizing the fan base with this rescue package we expect significant support and appetite from the fan base to all activities. To maintain and build on this it is imperative that trust is built on with strong and integrity based communication, transparency in relation to governance and progress against the evolutionary plan, and also the continued development of the products and services that the club offers to its corporate and consumer customers.

With clear influence for fans in the new ownership structure, fans will be more engaged as there is a channel for their voice to be heard. If handled correctly no matter what the results on the pitch this can have a really positive impact on the relationship between fans and the club they love – a cast iron example being fans of Community Club Exeter City recently being found to be top of a Football League survey to find the happiest fans in the Football League.

Historically fan engagement has focused purely on those that live within the vicinity of the club and/or that regularly attend matches. This approach must be broadened in order to unlock the full economic potential of the fan base.

[c] Commercial engagement

Stability at the top of the club being established and especially so with a structure that is strongly founded on community will create the opportunity to build much deeper commercial relationships with businesses both locally and nationally. There is a very clear opportunity to develop sponsorship and hospitality income on the back of community based stadium and training ground developments.

There is often reluctance for sponsors to come forward when the club is owned privately for a variety of reasons, sometimes down to mistrust with the owner. Being a community club completely changes that relationship and suddenly rather than being a risky investment becomes something that can be great PR for a business being associated with a bona fide community brand. From what we have seen at other community clubs this relationship between club and sponsor doesn't just end with money it opens up opportunities of sponsorship-in-kind with consultants or professionals giving their help for free, or businesses linking up with clubs to give their employees volunteering opportunities to further the work of the club.

[d] Academy & player development

SWFC has historically had strong focus on developing local talent and bringing that through to the first team. This however has seriously declined in recent years due to a combination of lack of facilities and also the poor relationship that the club has in the grass roots football community as a result of issues revolving around the senior management at the club. These two issues were brought into sharp focus when the club's biggest competitors secured a £5m grant to develop new 1st team and academy infrastructure within 2 miles of Hillsborough. We understand that there is an opportunity to partner with South Yorkshire Police (their Niagara Sporting Social Club facility is adjacent to the Middlewood Road training ground) and to apply for community funding to develop both sites thus solving the facilities issues. Clearly the benefits of this opportunity will be enhanced through our plans for the structure and governance of the club.

It will then be a function of relationship building, developing community activities and time to bring the pipeline of player throughput back up to optimal levels.

[e] Infrastructure development

As a result of the governance and structure of the club being founded on a community ownership model we see clear benefits in terms of accelerating and broadening the opportunity to raise funding for infrastructure development in order to support community activities. We are aware of the current application into the European Regional Development Fund (ERDF) fund for the development of Hillsborough and Middlewood Road training ground and we believe that this application would be significantly strengthened by our proposed structure.

Match day revenues are currently being held back by poor facilities with a perfect example being the poor provision for away fans including the lack of alcohol sales, this being the area where traditionally the highest spend per fan is seen.

England's strong bid for the 2018 World Cup and Sheffield's seemingly strong positioning in that bid also presents significant opportunities especially if the proposed community structure is in place.

We would also look into asset locking ownership of the stadium into the BenCom. We see this as having a number of benefits. Firstly it would reassure funders as essentially what is being

proposed is a community vehicle being majority owner of a private company - many funders would be uneasy about this as shareholdings can change particularly in football

It also demonstrates the overriding commitment of WITD and the HNWI's that this is about the community not financial gain and will stop future borrowing secured against the stadium which could destabilise the club in the future and shows our intent on running the Club on a sustainable basis

10. Revenue generation initiatives

As outlined earlier in this document upon establishing control and putting in place the new senior management team a full review of all commercial activities will be carried out. Drawing on the expertise we already have access to and the insight we have had into the club's recent strategy we have already identified certain avenues with significant potential for associated revenue growth.

Season Tickets

Over 8,000 people that have had a season ticket in the last 5 years do not currently hold one. Clearly the economic climate has had an impact but the national data relating to football and season ticket loyalty suggests that the poor relationship with the club historically is a bigger factor and has driven churn well above the economic driver. We intend to offer the full renewal discount to all of these fans subject to them committing to the season ticket for next season and beyond.

We intend to implement a "Wednesdayite abroad" season ticket at a discounted rate which entitles the holder to attend as many home games as they can (with prior notice) and for all games not attended the seat will be given up and transferred for use in our proposed "community section" where free seats will be made available for schools and our charitable partners. This package will be further enhanced by a dedicated communications strategy for these fans.

Match day tickets

Many of the clubs that enjoy a high percentage utilisation of their ground offer ticket bundles. This is done to take advantage of the large proportion of fans that attend only a few games per season and cannot therefore commit to a season ticket, but who then choose not to go to the so called less attractive home fixtures. Ticket bundles can be used to reverse this trend and act as a stepping stone to building a relationship as a season ticket holder.

Memberships

The club's current membership scheme revolves entirely around a lottery scheme and is not driven by the fan having a positive identity with their club and this is reflected in the small take-up of circa 2,000 fans. Consistent with the "Wednesdayite abroad" proposal we will develop the value adding relationship associated with the membership schemes and look to provide an enhanced level of communication and access. We know from other Community Clubs that a membership of upwards of 80/90% of the average home gate is achievable, something that comes from this feeling of being owners rather than customers of consumers.

Sponsorship

As a result of the poor brand surrounding the club in recent years and the focus being placed on the network that the current board has access to, the club's sponsorship opportunities have been constrained by trying to attract monies from a fast shrinking industry segment i.e. the local long established manufacturing businesses. There are a number of examples (Ipswich / Norwich / Brentford) where a long term and real commitment to providing benefits to the community has resulted in seven figure annual sponsorship packages being established by nationally and internationally recognisable corporate brands seeking to invest their corporate social responsibility budgets. Professional services, technology and service provider businesses all demand a modern cultural approach from the professional sports clubs that they hold relationships with and our planned structure and commitment to community will open up these opportunities.

Hospitality

We are aware that significant improvements have been made in the quality of product provision in the last year or so. If this was to be combined by offering corporate clients a less demanding environment in terms of formality versus informality whilst continuing to improve the choice of available options including offering match bundles (currently only match by match and season tickets are available) then there is significant scope for increased revenue generation.

We are also aware that there is a significant opportunity to create a premium "Club Wednesday" environment using the space currently enjoyed by the directors and their guests where an enhanced experience including exposure to club officials and staff can be facilitated in an open plan and relaxed environment with "club members" free to move between this and any other corporate areas.

Retail

We are aware that although a strategic review of the clubs shop facilities has been carried out by a leading retail authority that many of these identified practices have not been implemented and this is impacting on sales.

We are also conscious that the lack of modern electronic point of sale solutions and associated absence of payment choices being available around the ground and on the concourses is seriously constraining sales opportunities in terms of concourse provision and in relation to ordering merchandise and being able to collect post match.

11. Budget control initiatives

To ensure that the club is sustainable, it is intended that the club's finances are tightly and proactively managed. WTID is aware that this has not been prioritised by the board in recent years. SWFC salaries account for approximately 50% of turnover yet the club still makes a loss; this does not seem to correlate favourably when compared to other football clubs.

WTID personnel have the expertise and experience to ensure that all expenditure is rigorously examined in order that costs are efficiently managed. Cash outflows that do not offer value will be removed from the business model or amended to ensure that the value gained merits the financial outlay.

The football review by Deloitte recommends that football clubs limit their salaries to a maximum of 65% of turnover. This would be strictly adhered to. Indeed, even after the cost control measures above have been implemented, the business model of SWFC may make it necessary for this self imposed limit to be less. This is likely to be the case until the point when the club is debt free and therefore not servicing interest.

12. PR initiatives

Excellent communications will be at the heart of the WTID bid to successfully acquire and effectively maintain a controlling interest in Sheffield Wednesday Football Club.

The involvement and sustained engagement of the community is the key principle at the heart of the WTID communications strategy. To deliver this WTID recognise the need to hire the knowledge, professionalism, and credibility of an established PR agency.

WTID has the agreement of a leading Yorkshire PR agency to work with the club to offer the highest quality clear, comprehensive and winning PR strategy which will place SWFC back in the heart of the community.

Once the WTID bid is successful, there will be a real need to change the PR Culture within Sheffield Wednesday, to truly unite the Club with the community. Only in this way can SWFC build on the business opportunities this strategy will offer.

Our PR partner has an outstanding reputation across the Sheffield city region for its' media knowledge and contacts in both traditional and digital communications. This means they are best placed to exploit all possible means of communications with the community whether within the print broadcast or online media.

They have a comprehensive network of political, civic and business contacts many at director or chief executive level and has excellent relationships with many of the region's celebrities. This will be particularly important when SWFC is seeking ambassadors and high profile fans to promote and reinforce the brand.

Should England be successful in their bid to host the World Cup, it will be vital that SWFC is in the best position to ensure the benefits of hosting the World Cup in the city will be fully exploited by the Club to deliver real involvement and benefits throughout the community.

13. World Cup in Sheffield

As previously mentioned England is favourite to host the 2018 World Cup.

Sheffield is a very strong part of that bid with fabulous transportation and hospitality offerings underpinning arguably the strongest bid from a heritage and community perspective.

If England and Sheffield were to secure the bid then Hillsborough would be the focus for investment in readiness to host the competition with this delivery burden falling on the City of Sheffield. We believe that our proposed structure and cultural positioning that will be established on the back of it will maximise the opportunity for the club. Clearly a strong structural commitment to community will materially improve the options under which Sheffield City Council can support the delivery of the required enhancements to the stadium.

The club currently misses out on significant revenues as a result of the lack of sensible investment in stadium facilities over the last decade or so.

We believe that a club fully committed to community engagement will also benefit massively in terms of consumer interaction and also interaction in local and national businesses resulting in a significant uplift in season ticket holders, match day attendees and also corporate hospitality and sponsorship over the long term.

14. Financial information

Commentary on Financials

On the next three pages are estimated forecasts for cash flow, profit and loss and balance sheet (figures in 000's). Due to not having access to the relevant information we regret that we cannot vouch for their accuracy. However, based on the information to hand, they are produced with good intentions and we hope that they broadly reflect the financial position.

The last published accounts have been taken and extrapolated using projected budgeting information and financial information that is in the public domain.

We would like to stress that WTID have the expertise to assess the financial data in order to prepare accurate financial information if we are given the opportunity to access the relevant books and records. As such we would very much like to be given this opportunity.

For the purposes of producing these forecasts various assumptions have been made. We would be happy to disclose these in full but for the purposes of this report the key ones are below:-

- Financial injections of £3.6m have been estimated during the course of the financial year with the following breakdown; £1.6m from high net worth individuals in November 2010, £1.0m from high net worth individuals in December 2010 and £1.0m from WTID in February 2011. During the course of the next twelve months we are confident of injecting at least £6 million into the club. £3.0m from high net worth individuals and £3.0m directly through WTID.
- Match day receipts have been estimated using the attendance figures, estimated future attendances and an average ticket price of £16 gross (£13.62 net of VAT). Non-paying customers such as season ticket holders have not been included.
- We have estimated that basic player salaries total £5.64m per annum.
- VAT and PAYE calculations have been made based on the information contained within the forecasts.
- Season ticket income for 2011-12 season will start to be realised in January 2011.

Conclusion

As stated above we would appreciate the opportunity to view the company's financial information in order that we can gain a more accurate understanding of the financial position. Having said that we believe that we understand the fundamentals and would be able to provide solutions to the obvious areas of financial concern:-

- We understand the immediate cash flow needs of the business and believe that we have high net worth individuals that would be able to meet these requirements.
- We understand the need to cover a financial shortfall of at least £2.0m in order that the company can trade until the end of the season. We believe that the fans can achieve any shortfall from the high net worth individuals using the WTID vehicle.
- Should promotion not be achieved this season there is likely to be a further shortfall of £2.0m-£3.0m next season. As mentioned above, we believe that the necessary cash injection can be put in place to cover this eventuality.
- We understand that agreement needs to be reached with the loan note holders.
- By using the revenue initiatives in section 12 we believe that we can increase the revenue streams of the company.
- We believe that by using budget control initiatives mentioned in section 13 we can reduce the expenditure of the company in certain areas.

CASHFLOW	B'fwd	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Total
A. Cash inflow														
New investor monies							1,600	1,000		1,000				3,600
Season ticket sales 10-11		250	150											400
Match day receipts		-	-	194	188	95	188	157	190	87	113	137	83	1,432
Other revenues		121	706	1,772	573	578	800	761	593	334	331	508	357	7,433
Season ticket sales 11-12									200	300	1,000	1,000	500	3,000
A. Net Income		371	856	1,966	761	673	988	918	983	721	1,444	1,645	940	12,265
VAT thereon		65	150	344	133	118	173	161	172	126	253	288	164	2,146
Gross income		436	1,006	2,310	894	790	1,161	1,078	1,155	847	1,697	1,933	1,104	14,412
B Football payments														
Wages		621	621	621	621	621	621	621	621	621	621	621	621	7,452
Football other		75	115	186	182	185	172	280	183	168	172	174	106	1,998
B Total football costs		696	736	807	803	806	793	901	804	789	793	795	727	9,450
C Other direct costs	-	103	192	251	231	190	220	334	159	176	187	175	186	2,404
D. Overheads														
Ground		84	90	100	100	110	120	130	140	115	115	125	125	1,354
Admin		119	105	95	98	105	98	98	105	98	98	105	93	1,217
Less PAYE therein		(280)	(280)	(280)	(280)	(280)	(280)	(280)	(280)	(280)	(280)	(280)	(280)	(3,360)
Bank charges		4	4	4	4	4	4	4	4	4	4	4	604	648
D. Sub-total	-	(73)	(81)	(81)	(78)	(61)	(58)	(48)	(31)	(63)	(63)	(46)	542	(141)
Total Expenses C & D	-	30	111	170	153	129	162	286	128	113	124	129	728	2,263
VAT thereon		30	62	63	36	36	36	55	40	40	38	44	31	511
Gross expenses		60	173	233	189	165	198	341	168	153	162	173	759	2,774
Surplus/(Deficit) A- (B+C+D) from trading plus new investment	-	(320)	97	1,270	(98)	(181)	1,770	836	183	905	742	965	(382)	10,002
D. Taxes														
PAYE			550		300		1,100	280	280	280	280	280	280	3,630
VAT			300		404			316			324			1,343
D. Sub-total	-	850	-	704	-	1,100	596	280	280	604	280	280	280	4,973
E: Other payments														
Asset Finance		4	4	4	4	3								19
Loan notes repaid														-
Trade creditor arrears				300										300
Fixed assets														-
E: Sub-total	-	4	4	304	4	3	-	-	-	-	-	-	-	319
Total non trading cashflows (D + E)		4	854	304	708	3	1,100	596	280	280	604	280	280	5,292
Monthly cash inflow/(outflow)	-	(324)	(757)	966	(806)	(184)	670	241	(97)	625	138	685	(662)	495
Balance Brought Forward	-	(9,450)	(9,774)	(10,531)	(9,565)	(10,371)	(10,555)	(9,885)	(9,645)	(9,741)	(9,116)	(8,978)	(8,293)	(9,450)
Balance Carried Forward	(9,450)	(9,774)	(10,531)	(9,565)	(10,371)	(10,555)	(9,885)	(9,645)	(9,741)	(9,116)	(8,978)	(8,293)	(8,955)	(8,955)

PROFIT AND LOSS ACCOUNT	B'fwd	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Total
Revenues														
Season ticket - acquired in season				40	40	40	40	40	40	40	40	40	40	400
Season ticket - deferred revenue				294	294	294	294	294	294	294	293	293	293	2,937
Match day revenues				194	188	95	188	157	190	87	113	137	83	1,432
Cup income and Friendlies Home				40	30	50	264							384
Cup income and friendlies away					15		20							35
Basic TV Award						150						150		300
Television and radio					15		60							75
FAPL solidarity				300					300					600
Academy grant and patrons				14	14	14	14	14	14	14	14	14	14	140
Match day commercial			400	305	165	85	65	165	65	65	65	106	49	1,533
Non match day commercial		22	21	9	9	28	23	80	18	9	16	20	16	271
Events		13	12	25	20	19	15	42	10	14	14	29	64	277
Catering		24	30	162	168	144	144	227	134	150	170	138	107	1,600
Retail		47	228	182	137	83	160	228	47	47	47	47	77	1,328
Internet				30			30			30			30	120
Other / Player sales		15	15	705	5	5	5	5	5	5	5	5	5	775
		121	706	2,300	1,095	1,007	1,322	1,252	1,117	755	777	978	773	12,202
Less: Direct costs														
Football payroll														
Players basic		470	470	470	470	470	470	470	470	470	470	470	470	5,640
Agents / incentives		46	46	46	46	46	46	46	46	46	46	46	46	552
Staff		105	105	105	105	105	105	105	105	105	105	105	105	1,260
Total football payroll		621	621	621	621	621	621	621	621	621	621	621	621	7,452
Direct expenditure														
Football		75	115	175	170	180	165	180	180	160	160	160	100	1,820
Football League levies				11	12	5	7	100	3	8	12	14	6	178
		75	115	186	182	185	172	280	183	168	172	174	106	1,998
Match Day Commercial		20	34	68	77	51	60	85	55	60	64	77	34	685
Non match day commercial		18	18	12	12	20	19	47	17	12	15	17	16	223
Events		9	9	19	15	14	11	33	7	11	11	22	43	204
Catering		39	47	117	121	105	104	163	97	110	122	99	78	1,202
Retail Stocks		22	103	82	62	38	72	103	22	22	21	21	32	600
Retail expenses		20	20	20	20	20	20	22	20	20	20	20	20	242
Internet		7	7	7	7	7	7	7	7	7	7	7	7	84
Other		6	6	6	6	6	6	6	6	6	6	6	6	72
		103	192	251	231	190	220	334	159	176	187	175	186	2,404
Ground costs		84	90	100	100	110	120	130	140	115	115	125	125	1,354
Administration		119	105	95	98	105	98	98	105	98	98	105	93	1,217
		203	195	195	198	215	218	228	245	213	213	230	218	2,571

Financing														
Bank charges	4	4	4	4	4	4	4	4	4	4	4	4	4	48
Bank interest													600	600
	4	4	4	4	4	4	4	4	4	4	4	4	604	648
Depreciation														
Depreciation	50	50	50	50	50	50	50	50	50	50	50	50	50	600
														-
Total overheads	435	556	686	665	644	664	896	641	611	626	633	1,164	8,221	
Exceptional items														
Accrued interest write back														-
Director loan reduction < 1 year														-
Director loan reduction > 1 year														-
Training ground loan reduction														-
Parked loan reduction														-
Total exceptional	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit / (Loss) for the period														
	(935)	(471)	993	(191)	(258)	37	(265)	(145)	(477)	(470)	(276)	(1,013)	(3,471)	

BALANCE SHEET	B'fwd	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Total
Fixed assets														
Assets - NBV b/f		24,889	24,889	24,889	24,889	24,889	24,889	24,889	24,889	24,889	24,889	24,889	24,889	24,889
	24,889													
Depreciation	-	(50)	(100)	(150)	(200)	(250)	(300)	(350)	(400)	(450)	(500)	(550)	(600)	(600)
Intangible assets	52	52	52	52	52	52	52	52	52	52	52	52	52	52
	24,941	24,891	24,841	24,791	24,741	24,691	24,641	24,591	24,541	24,491	24,441	24,391	24,341	24,341
Current Assets														
Stock	378	378	378	378	378	378	378	378	378	378	378	378	378	378
Trade debtors	306	306	306	306	306	306	306	306	306	306	306	306	306	306
Prepayments	273	273	273	273	273	273	273	273	273	273	273	273	273	273
Bank current account balance	5	5	5	5	5	5	5	5	5	5	5	5	5	5
	962	962	962	962	962	962	962	962	962	962	962	962	962	962
Less: Creditors														
Bank overdraft	9,450	9,774	10,531	9,565	10,371	10,555	9,885	9,645	9,741	9,116	8,978	8,293	8,955	8,955
Trade creditors	735	735	735	435	435	435	435	435	435	435	435	435	435	435
Accrued interest	2,855	2,855	2,855	2,855	2,855	2,855	2,855	2,855	2,855	2,855	2,855	2,855	2,855	2,855
Accruals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT	300	335	123	404	97	179	316	106	238	324	215	459	592	592
PAYE	550	830	560	840	820	1,100	280	280	280	280	280	280	280	280
Deferred income	2,937	3,187	3,337	3,003	2,669	2,335	2,001	1,667	1,533	1,499	2,166	2,833	3,000	3,000
Training ground loan	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750
Parked loan	4,805	4,805	4,805	4,805	4,805	4,805	4,805	4,805	4,805	4,805	4,805	4,805	4,805	4,805
Directors loan notes	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
	30,632	31,521	31,946	30,907	31,053	31,264	29,577	28,792	28,887	28,314	28,733	28,959	29,922	29,922
Current assets less current liabilities	(29,670)	(30,559)	(30,984)	(29,945)	(30,091)	(30,302)	(28,615)	(27,830)	(27,925)	(27,352)	(27,771)	(27,997)	(28,960)	(28,960)
Total assets less current liabilities	(4,729)	(5,668)	(6,143)	(5,154)	(5,350)	(5,611)	(3,974)	(3,239)	(3,384)	(2,861)	(3,330)	(3,606)	(4,619)	(4,619)
Long term liabilities														
Football Trust Grant	3,271	3,271	3,271	3,271	3,271	3,271	3,271	3,271	3,271	3,271	3,271	3,271	3,271	3,271
Directors loan notes	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Asset Finance	19	15	11	7	3	-	-	-	-	-	-	-	-	-
	5,390	5,386	5,382	5,378	5,374	5,371	5,371	5,371	5,371	5,371	5,371	5,371	5,371	5,371
	(10,119)	(11,054)	(11,525)	(10,532)	(10,724)	(10,982)	(9,345)	(8,610)	(8,755)	(8,232)	(8,701)	(8,977)	(9,990)	(9,990)
Financed by														
Share capital	17,184	17,184	17,184	17,184	17,184	17,184	17,184	17,184	17,184	17,184	17,184	17,184	17,184	17,184
New Investor capital		-	-	-	-	-	1,600	2,600	2,600	3,600	3,600	3,600	3,600	3,600

Share Premium	658	658	658	658	658	658	658	658	658	658	658	658	658	658
Revaluation reserve	11,187	11,187	11,187	11,187	11,187	11,187	11,187	11,187	11,187	11,187	11,187	11,187	11,187	11,187
Profit and loss reserve	(39,148)	(40,083)	(40,554)	(39,561)	(39,753)	(40,011)	(39,974)	(40,239)	(40,384)	(40,861)	(41,330)	(41,606)	(42,619)	(42,619)
	(10,119)	(11,054)	(11,525)	(10,532)	(10,724)	(10,982)	(9,345)	(8,610)	(8,755)	(8,232)	(8,701)	(8,977)	(9,990)	(9,990)