



Soccer Investor

New Wine in Old Bottles

The 'Wasteful' Market Structure of English Football

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How to make a small fortune?

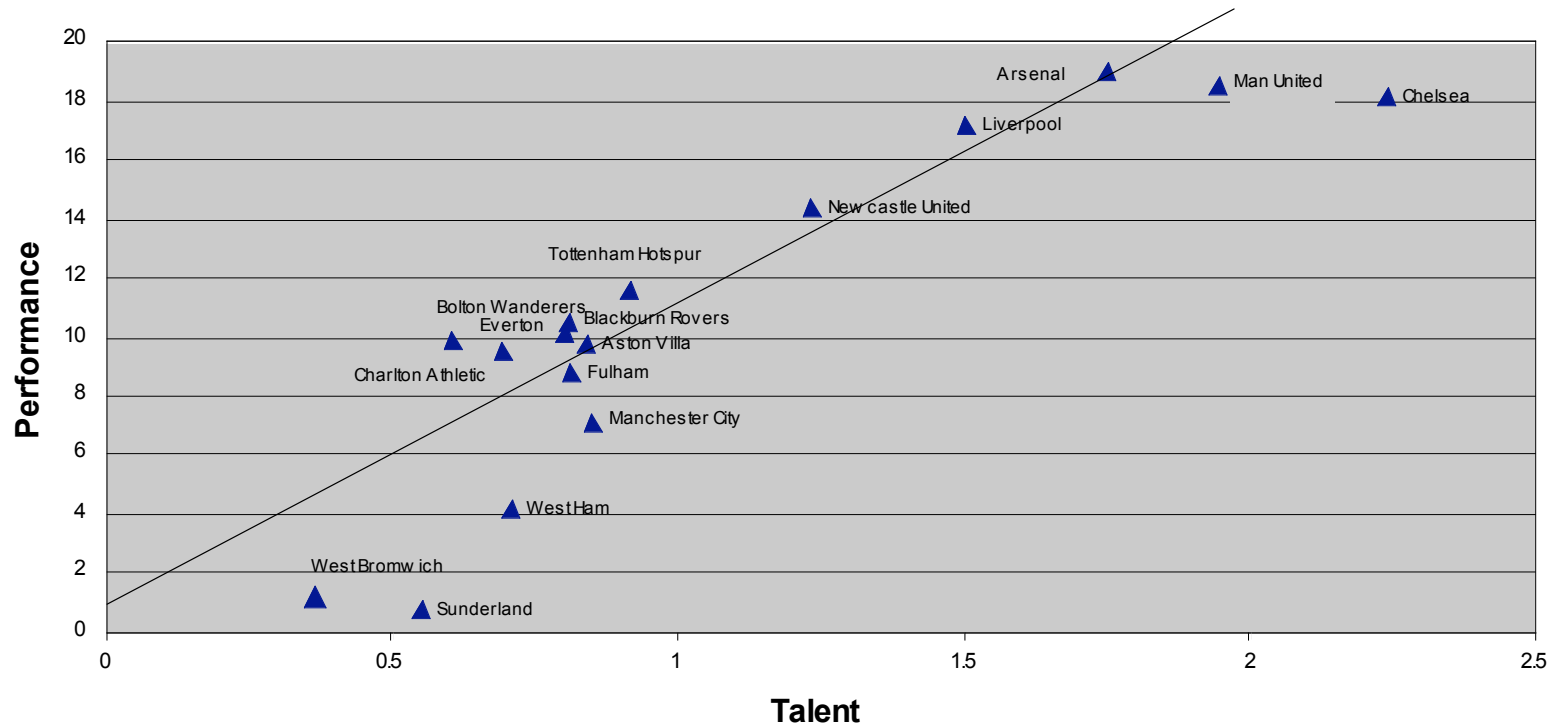
- European Model – Promotion and Relegation
- Live the Dream
- Leeds, Wimbledon (MK Dons), Barnsley, Cardiff....etc
- Premier League – Takeovers after Failed Plc Model
 - American – Man Utd, Liverpool, Aston Villa
 - Russian - Chelsea
 - Icelandic – West Ham
 - Irish - Sunderland
 - Thai – Manchester City
 - Arsenal (under threat)

A Billionaires Game

- 1995 Bosman – Inflation in Global Price of Talent
- 1990s to now - Construction of New Stadia
- Need for more Professional Staff
- European Competition
- Globalisation – foreign tours

The Cost of Playing – Premier League

English Premier League 2000-2006



New Bottles



A Century of Growth and Change

- **Football League founded in 1888 with 12 member clubs**
- **Second Division added 1892**
- **Automatic promotion and relegation for two clubs was introduced in 1898. League expands to two divisions of eighteen**
- **In 1919 the First and Second Divisions expanded to 22 clubs.**
- **In 1920 Southern clubs join to form Third Division.**
- **In 1921 more clubs join and Third Division South and Third Division North are created. One club from each of these divisions would gain promotion to the Second Division, with the two relegated clubs being assigned to the appropriate Third Division**
- **In 1950 both Third Divisions expanded to 24 clubs each in 1950, bringing the total number of League clubs to 92**
- **In 1958 decision taken to end regional Third Divisions and reorganise the clubs into a new nationwide Third Division and Fourth Division. The clubs in the top half of both the Third Division North and South joined together to form the new Third Division, and those in the bottom half made up the Fourth Division. Four clubs were promoted and relegated between these two lower divisions, while two clubs exchanged places in the upper divisions**
- **In 1974 the number of clubs exchanged between upper divisions increased to three.**

Old Bottles



Three Decades of Tinkering

- **In 1987 playoffs introduced to determine promotion places were introduced so that more clubs remained eligible for promotion closer to the end of the season**
- **Plan to reduce clubs in the First Division from 22 to 20 over two years**
- **The number of clubs returns to 22 for the 1991-92 season**
- **In 1992 the First Division Clubs resigned from the Football League and formed the FA Premier League was formed**
- **The old Second Division became the new First Division, the Third Division became the Second Division, and the Fourth Division became the Third Division..**
- **Number of Premier League clubs reduced to 20 for 1995-96**
- **For 2004-05 season coinciding with the start of a new sponsorship agreement with Coca-Cola comes a rebranding of the Football League with the renaming of the First Division to The Championship, the Second Division to League One and the Third Division to League Two**

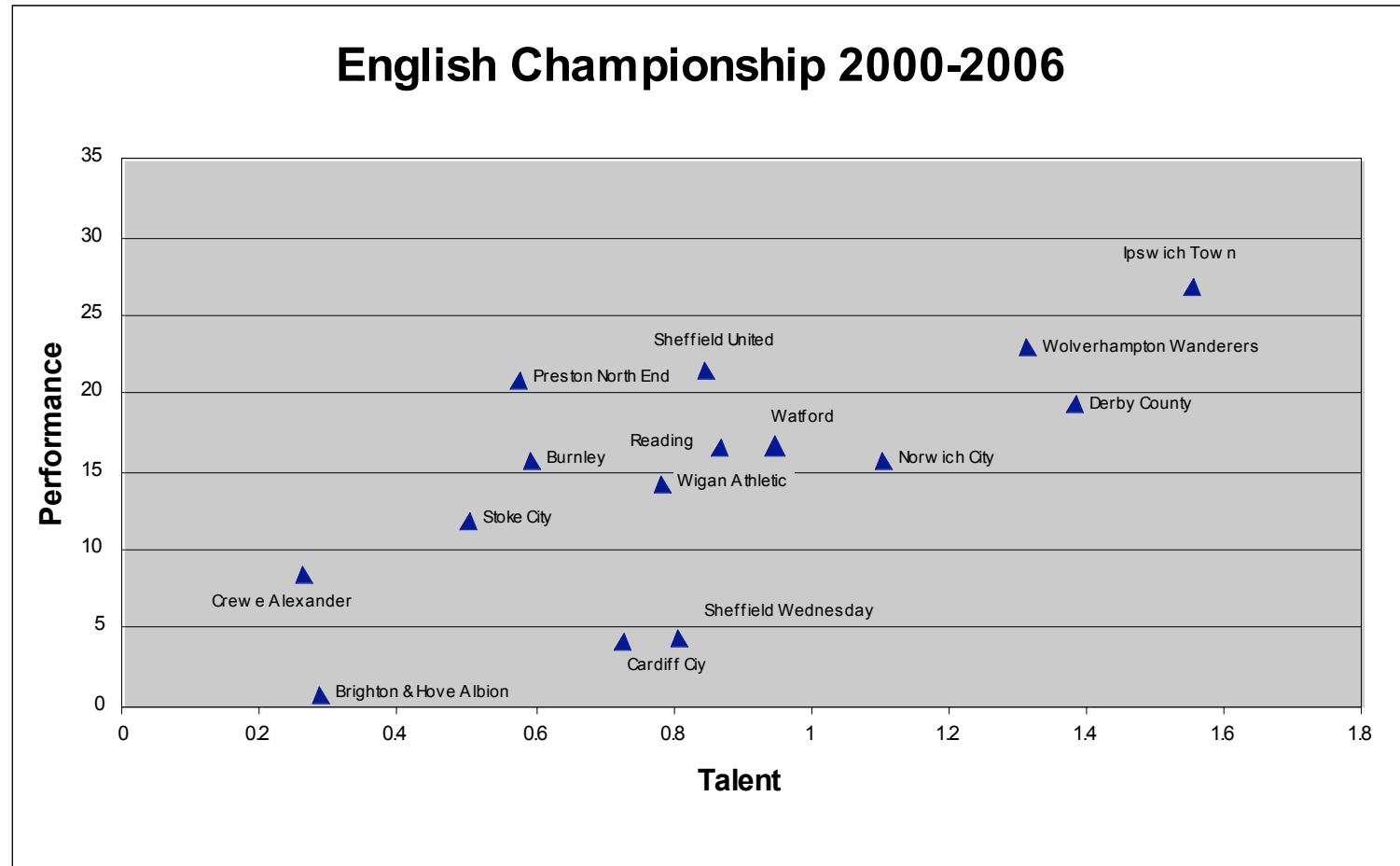
Existing Exit and Entry Rules

- The Premier League
 - Bottom Three clubs relegated
- The Championship
 - Top Two clubs promoted
 - Plus One from 3rd-6th place finishers after Playoffs

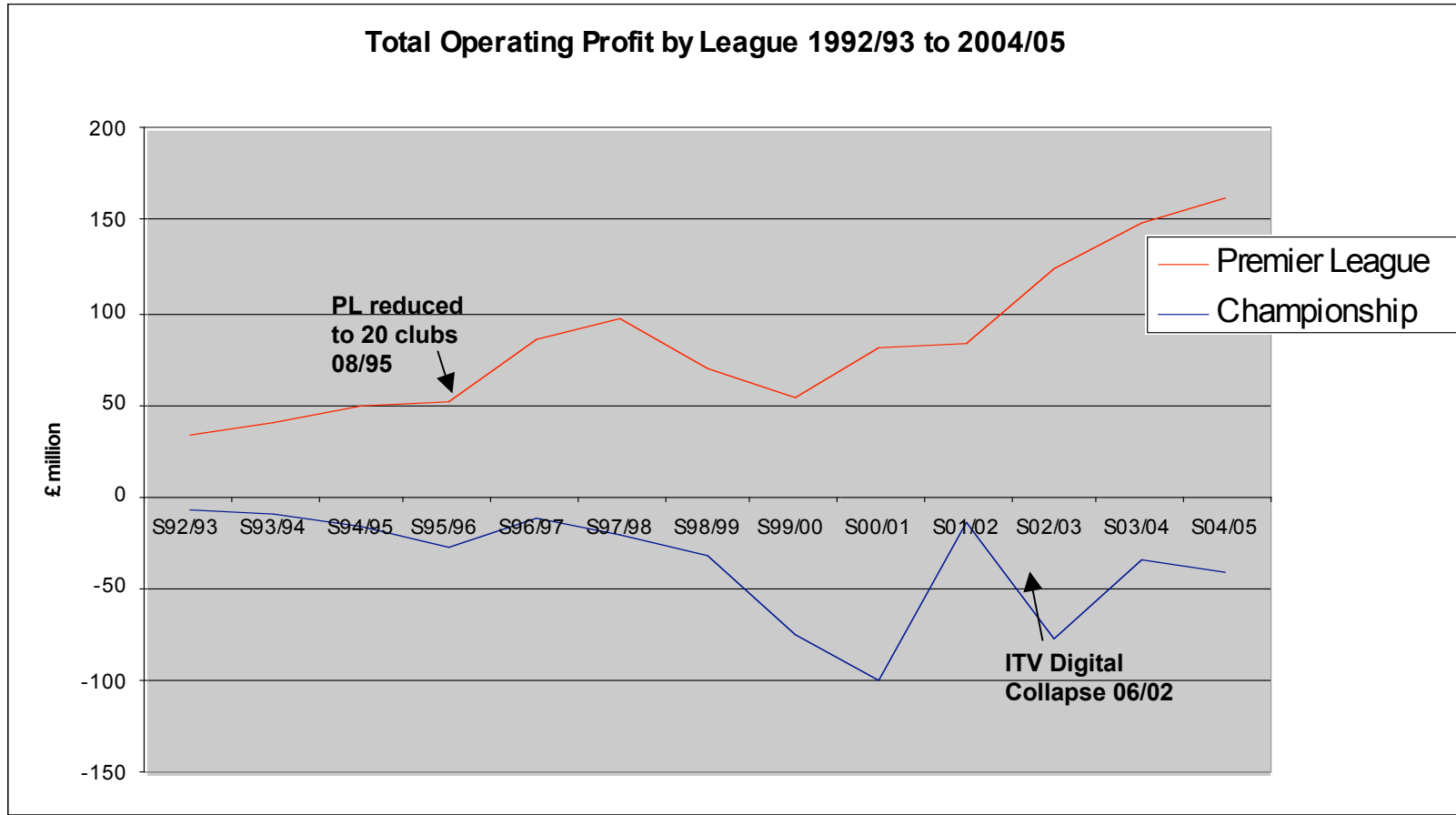
New Wine

- Television Revenue
- The Internet
- Mobile Telecoms
- Sponsorship Revenue
- Enhanced Stadium Revenue
- Gap between PL and FL grows
 - ITV Digital
 - Sheffield United – West Ham case

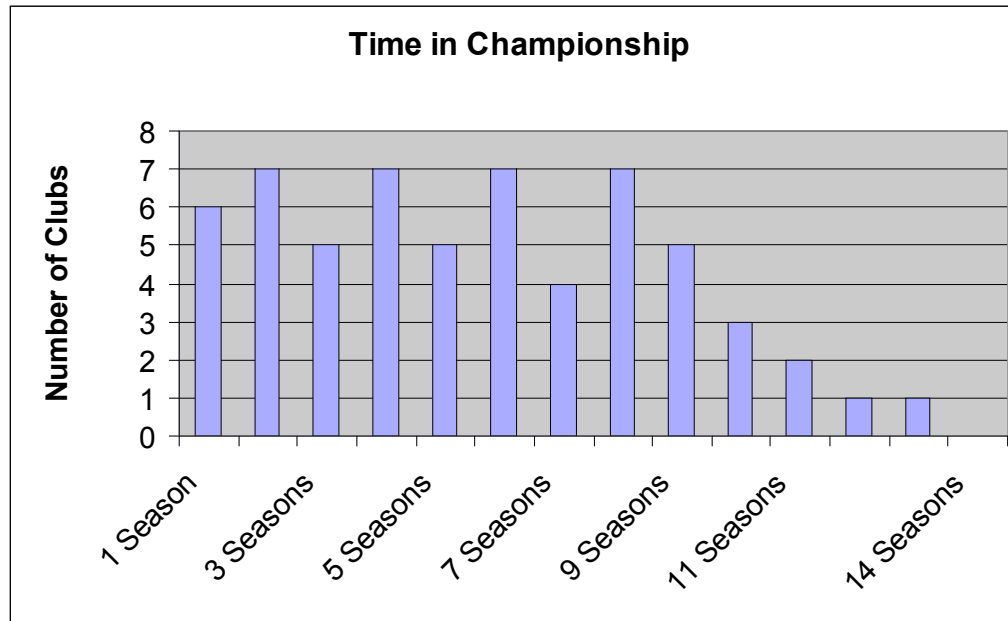
The Cost of Playing – The Championship



The Impact on Profits



Entry and Exit in the Champions League



Time for Reform

- Championship Clubs under offer
- Wasteful Stadium, Academy and Player Expenditure
- North American System by default without merits
- Time for Reform