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May 28th, 2010

The Sheffield Wednesday FC Board of Directors, Shareholders, Fans and Supporters
Mr. Howard Wilkinson
Interim Chairman
Hillsborough
Sheffield
S6 1SW

Re: Acquisition of Controlling Interest in Sheffield Wednesday Football Club

Dear Mr. Wilkinson;

We would like to provide some further insight into our initial offer and the valuation we placed on SWFC in an attempt to fully communicate our rationale for the offer. We would also like to address the status of our contemplated second offer as well as our view on the future.

In our financial analysis of SWFC, which included a comprehensive review of the available data on the recent status of similar clubs (their turnover rates, debt loads, stadium capacities, operating profits/losses and division memberships), we considered carefully the risks and opportunities of investment. We were aware of the outstanding history of the club, the past championships and great players, the strong fan interest and the famous stadium. Those are valuable and important assets, of which we know you're all deservedly proud. We also looked at the potential upside of the investment if the turnaround plan we envisaged were to be successful. That potential is great. We have never doubted it. However, it is important to realize that history and promise alone do not a good investment make. The turnaround of SWFC is a big job. It will require capital, strategy, energy, skill, perseverance, discipline and most importantly – leadership. Leadership is not about doing what is popular, conventional or easy. It is about doing what is right and what is best for the long-term. We also became quite familiar with the issue of the current debt on the club. The amount of debt on the club is a major issue for any investor. We have also made ourselves very familiar with the debt loads on other clubs in English football and analyzed what that debt has done to impact their operations. Our initial offer was reflective of both the total amount of “at risk” capital we were willing to invest over the next few years as well as the amount we were willing to invest at closing. This amount was based on the value we ascribed to the club, which took into account all of the factors above.

There has been much talk about the valuation of SWFC and whether or not the CLUB 9 SPORTS offer was fair. Most of what we have seen and read is based on either unrealistic expectations or poor mathematics. To simplify our view of things and to illustrate our reasoning, we should think of SWFC as a house. When you ascribe value to a house, you use certain information to obtain what the house is worth (i.e. neighborhood, price per square foot, conditions, recent comparables) and you make an offer based on that. When you purchase that house, the existing mortgage, home equity or second mortgage is paid off by the seller. You don't pay what the house is worth and then assume the mortgages, too. If you were to assume the mortgage, you would then only pay the seller the



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difference between what is owed and what your purchase price is. If we look at SWFC as a house, standard measurements and recent comparables would ascribe a present “equity” value to it of 1.5 - 2 times turnover or between £18m and £24m. Then, you have to calculate the debt burden (think about it as a mortgage or home equity loan) and how you will service that. The current level is £25m. That would mean our SWFC house is worth less than we owe. In this scenario, we have a negative worth of between £1 and £7m. That is the factor that everyone seems to be missing when we discuss the value of SWFC. With this debt load, any investor has to be cognizant of the inherent risks. We would find ourselves as investors in a club whereby the bank and the loan note holders have a senior position over us until that debt is retired. Under such a scenario, the “at risk” investor needs to feel very comfortable about the management team’s ability to execute a turnaround. Without significant financial improvement in the club, the investment will not be successful. In this regard, we have to remove all emotion and think only as businessmen about what we and our partners are willing to put at risk. The offer we submitted was reflective of this economic analysis.

Over the last week, we have been in discussions with our co-investors in the states and with certain groups in Sheffield and in the UK about the potential of a revised offer. We contemplated making an offer that included more cash at closing, among other things. We had hoped to be able to do that by the end of this week. As of today, we are not confident that those discussions will bear fruit in a timely manner. In fact, many of these investors have expressed their belief that our original offer was appropriate and should have been accepted or, at the very least, countered. Given the long Memorial Day holiday weekend in the US, we thought it was best to communicate now that CLUB 9 SPORTS is not going to put forward a revised offer. Given the need for Allan to receive a definitive budget and for the club to sort out its challenging finances, we thought it was best for our group to communicate this now so that progress could be made with the certainty of our position known. We do stand behind our offer however, and we want all of the fans and supporters of SWFC to know that we have great respect and admiration for your club. We wish you nothing but the best. If our offer is reconsidered at some point, everyone knows where to find us.

We wish to thank the Co-op Bank for their efforts to support the potential transaction. It is a highly professional bank with outstanding personnel and we very much appreciate having had the opportunity to work with them. We would also like to acknowledge the professional work and services provided by Innercircle Sports, the New York-based investment bank that represented the club in this effort. Finally, we would like to thank the many Wednesdayites, shareholders, supporters and fans who reached out to us over the past few weeks to offer encouragement and support our investment and turnaround plan. Now that we have stepped aside, we encourage all of you to come together and pull in one direction. SWFC has too great a legacy and too much potential to continue to endure this decay. We encourage you to find a leader and get behind him/her with all your might. No investment can work (no matter who the investor or what the amount) without the strong support of the Owl Nation in total. Stop spending your time in unproductive disparagement of others. Stop thinking about what is not possible and start focusing on what is. As Henry Ford used to say, “If you think you will or you think you won’t, you’re probably right.”

Warmest regards,

John Prutch
Managing Partner
Prometheus Capital Partners, LLC

Jon L. Pritchett
CEO & Partner
CLUB 9 SPORTS, LLC