



WE CARE ABOUT FOOTBALL

Union des associations européennes de football



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TO UEFA MEMBER ASSOCIATIONS

For the attention of
the President and the General Secretary

Your reference

Your correspondence of

Our reference
PCLC/cen/gia

Date
02.09.2005

Financial memorandum concerning the 2005/06 UEFA Champions League

Dear Sir or Madam,

We are pleased to provide you with the relevant information concerning the financial distribution of the marketing revenue for the 2005/06 UEFA Champions League.

The gross budgeted income is estimated at CHF 930 million, which is higher than the revenue obtained last season. For ease of reference, this figure has been provisionally taken as the basis for all our calculations in order to apply the distribution pattern approved by the UEFA Executive Committee.

Gross income

According to the regulations, 75% of the total revenue received from television and commercial contracts concluded by UEFA, up to a maximum of CHF 800m, will go to the clubs, while the remaining 25% will be reserved for European football and remain with UEFA to cover organisational and administrative costs, as well as to make solidarity payments to associations, clubs and leagues.

The regulations also specify that 82% of any revenue received from the same stream in excess of CHF 800m will go to the participating clubs, with the remaining 18% allocated to UEFA for European football.

In addition, 50% of the revenue received from new media contracts concluded by UEFA will also be available for distribution to the clubs, and the remaining 50% will be allocated to the above-mentioned European football portion/quota.

As announced, the gross amount available in the UEFA Champions League pool as a starting basis for the 2005/06 season will be CHF 930m, i.e. CHF 922m from TV and commercial contracts and CHF 8m from new media contracts.



Based on those amounts, CHF 704m will go to the clubs (including CHF 35m (5%) for the professional leagues of the participating associations) and CHF 226m to UEFA for European football.

Share for European football

The total revenue of CHF 261m (CHF 226m plus CHF 35m for the professional leagues of the participating associations) will be distributed as follows:

1. Solidarity payments to European football (CHF 117m)

- An amount of CHF 15.6m will be transferred into the EURO Pool to finance further projects in favour of UEFA member associations.
- **Between CHF 10m and 18m will be distributed among the European football leagues not represented in the UEFA Champions League.** This money will be distributed via the national associations and is intended for the youth development programmes of those clubs which did not compete in either the UEFA Champions League or the UEFA Cup.
- **Each club** which participates in the 2005/06 UEFA Champions League or UEFA Cup will receive **CHF 80,000 per round** if:
 - they do not qualify for the UEFA Champions League group match stage, and/or
 - they do not qualify for the UEFA Cup group match stage or are eliminated earlier in the UEFA Cup.

This contribution will be available at the end of November 2005 (written request of the national association required).

- **Each domestic champion club** which fails to reach the group stage of the UEFA Champions League will receive, **in addition, a bonus of CHF 150,000** (this amount will be available at the end of November on the written request of the national association).
- **CHF 35m will be distributed among the European football leagues represented in the UEFA Champions League.** This money will be distributed via the national associations and is intended for the youth development programmes of these leagues and their clubs.
In total, **CHF 117m will be allocated** as solidarity contributions to European associations, leagues and clubs.

2. Running costs of the UEFA Champions League (CHF 85m)

The competition's operational costs.



3. UEFA's income (CHF 59m)

This income will cover UEFA's expenditure in terms of administrative costs, refereeing, youth competitions, development programmes and other statutory tasks.

Share for the 32 clubs participating in the UEFA Champions League

The net amount of CHF 669m (CHF 704m in revenue less CHF 35m for the professional leagues of the participating associations) available to the clubs will be split into a fixed amount of CHF 320m (starting bonuses, performance bonuses, match bonuses) and a variable amount of CHF 320m (market pool). In addition, a surplus of CHF 29m is expected for this year's competition.

1. Fixed amount (CHF 320m)

Each of the 32 clubs involved in the group stage will receive a **starting bonus of CHF 2.5m**.

- In addition, they will receive a **match bonus of CHF 500,000 per match**.
- On top of this, there will be **performance bonuses: CHF 500,000 for a win and CHF 250,000 for a draw** in the group stage. The 16 teams playing in the first knock-out round will receive **CHF 2.5m** each, the eight quarter-finalists **CHF 3m** each and the four semi-finalists **CHF 4m** each. The UEFA Champions League winners will receive **CHF 10m** and the runners-up **CHF 6m**.

This means that a total minimum amount of CHF 5.5m per club is guaranteed for the group stage. A club could receive, at best, up to CHF 28m, not counting the market pool share and gate receipts.

2. Market pool (CHF 320m)

The remaining balance of CHF 320m will be distributed according to the proportional value of each TV market represented by the clubs taking part in the UEFA Champions League, and be split among the number of teams (4, 3, 2 or 1) participating from a given association.

Half of the amount representing the value of each market will be split among clubs, based on their performance in the **previous domestic league championship**. The following split among the teams from a given association will apply:

| | 4 teams | 3 teams | 2 teams | 1 team |
|-------------------|----------------|----------------|----------------|---------------|
| Champions | 40% | 45% | 55% | 100% |
| Runners-up | 30% | 35% | 45% | |
| No. 3 | 15% | 20% | | |
| No. 4 | 15% | | | |



In the case of England, in accordance with the decision taken by the UEFA Executive Committee at its meeting in Manchester on 17/18 June 2005, since Liverpool FC (fifth in their national championship and winners of the 2004/05 UEFA Champions League) have entered the competition through the qualifying phase, the split among the English clubs will be as follows:

| 4 teams | |
|-----------------------------|-----|
| Chelsea FC | 40% |
| Arsenal FC | 30% |
| Manchester United FC | 15% |
| Liverpool FC | 15% |

The other half of the amount representing the value of each market will be paid in proportion to the number of matches played by each team in the 2005/06 UEFA Champions League.

The various amounts distributed club by club via the TV market share can only be confirmed once all the contracts have been finalised and not before the end of the competition, since the exact amount for each club depends on four factors:

1. How many clubs from a market compete in the UEFA Champions League.
2. The league standing of the club in the previous season's domestic championship.
3. Its performance in the UEFA Champions League.
4. The performances of other clubs from the same country in the UEFA Champions League.

Depending on the respective market value of its country and on the four factors explained above, a club could receive, at best, up to about CHF 30-35m as a market pool share.

3. Surplus (provisionally CHF 29m)

In the likely event of a surplus, which, due to the higher budgeted income, we expect to amount to at least CHF 29m, the UEFA Administration will define principles for its distribution according to the final accounts and in consultation with the Club Competitions Committee.

Minimum payments to the 32 clubs participating in the UEFA Champions League

Payments will be made according to the following schedule:

| Provisional date of payment | Type of payment | Amount per club | TOTAL |
|-------------------------------------|--|-------------------------|-------|
| 7 October 2005 | starting bonus (2.5 m for all 32 teams) | 2.5m | 80m |
| | match bonus in group matches (0.5 m per match – 6 matches per club) | 3m | 96m |
| 16 December 2005 | performance bonus in group matches (0.5 m per win / 0.25 m per draw) 96 x 0.5 m | 0-3m | 48m |
| | 50% " market pool " (160 m) (fixed percentage based on final domestic league ranking) | (market-related) | 160m |
| 17 March 2006 | 1st knock-out round bonus (2.5 m per team) | 2.5m | 40m |
| 12 May 2006 | quarter-finals bonus (3 m per team) | 3m | 40m |
| | semi-finals bonus (4 m per team) | 4m | |
| 9 June 2006 | Final bonus (10 m winners / 6 m runners-up) | 6 or 10m | 16m |
| | other 50% " market pool " (160 m) = remainder | (market-related) | 160m |
| | | | |
| (* = amounts excluding market pool) | | min. 5.5 / max. 28 * | 640m |

In the course of the season, UEFA will regularly inform the associations, leagues and clubs involved on financial developments regarding the 2005/06 UEFA Champions League.

Details concerning the market pool will be confirmed to each participating club directly in due course.

Updated financial information will also be available on the official UEFA website at the following address: www.uefa.com.

Please forward this information to the appropriate sectors within your association, in particular to your leagues and those clubs competing in the 2005/06 UEFA club competitions.

Clubs involved in the group stage of the UEFA Champions League will receive a copy of this letter directly.



Please do not hesitate to call Mr Michele Centenaro if you have competition-related questions or Mr Dominique Rappaz for financial questions.

Yours faithfully,

UEFA



Lars-Christer Olsson
Chief Executive

cc

- UEFA Executive Committee
- Club Competitions Committee
- European members of the FIFA Executive Committee
- FIFA, Zurich
- 2005/06 UEFA Champions League participants