



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/ans

Date
03.08.2006

Preliminary information concerning the distribution to clubs from the 2006/07 UEFA Champions League, the 2006/07 UEFA Cup and the 2006 UEFA Super Cup

Dear Sir or Madam,

We are pleased to provide you with some initial information concerning the distribution to clubs from the marketing revenue of the 2006/07 UEFA Champions League, 2006/07 UEFA Cup and 2006 UEFA Super Cup.

UEFA Champions League

Gross income for the 2006/07 season is estimated at EUR 750 million and, according to the projections, will be made up of EUR 743.3m from television and commercial contracts and of EUR 6.7m from new media contracts.

For ease of reference, this figure has been taken provisionally as the basis for 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 EUR 530m, 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 EUR 530m 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 UEFA for European football.

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Therefore, based on the above gross amount available, EUR 575.75m will go to the clubs (including EUR 28.78m (5%) for the professional leagues of the participating associations) and EUR 174.25m to UEFA for European football.

Share for the 32 clubs participating in the UEFA Champions League

According to the set principle, the net available amount must be split 50/50 between a fixed amount and a variable amount. Based on the net amount of EUR 546.97m (EUR 575.75m in revenue less EUR 28.78m for the professional leagues of the participating associations), the fixed amount will be EUR 276.6m (starting bonuses, performance bonuses, match bonuses) and the variable amount EUR 270.37m (market pool).

1. Fixed amount (EUR 276.6m)

Each of the 32 clubs involved in the group stage will receive a **starting bonus of EUR 2m**.

- In addition, they will receive a **match bonus of EUR 400,000 per match**.
- On top of this, there will be **performance bonuses: EUR 600,000 for a win and EUR 300,000 for a draw** in the group stage. The 16 teams playing in the first knockout round will receive EUR **2.2m** each, the eight quarter-finalists EUR **2.5m** each and the four semi-finalists EUR **3m** each. The UEFA Champions League winners will receive EUR **7m** and the runners-up EUR **4m**.

This means that a total minimum amount of EUR 4.4m per club is guaranteed for the group stage. A club could receive, at best, up to EUR 22.7m, not counting the market pool share and gate receipts.

2. Market pool (EUR 270.37m)

The remaining balance of EUR 270.37m 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 (four, three, two or one) 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
Champion	40%	45%	55%	100%
Runner-up	30%	35%	45%	
Third-placed	15%	20%		
Fourth-placed	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 2006/07 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.

3. Surplus

According to the latest estimate, it is likely that gross income will ultimately be higher than projected. At its meeting of 22 March 2006, the Executive Committee decided that any surplus over the projected gross income of EUR 750m will be allocated first to fund an increase in the solidarity amounts of EUR 10.336m for the clubs eliminated in the qualifying phase of the 2006/07 UEFA Champions league and UEFA Cup.

In the event of any additional amount available for club distribution, the UEFA administration will define principles for its distribution according to the final accounts and in consultation with the Club Competitions Committee.

2006/07 UEFA Cup and 2006 UEFA Super Cup

For the first time, a new centralised marketing approach is being implemented for the coming 2006–2009 cycle (three seasons) for the exploitation of the broadcast rights (plus one presenting sponsor) for the quarter-final and semi-final stages of the UEFA Cup. These 12 matches have been packaged for commercial exploitation together with the traditional UEFA Cup final and UEFA Super Cup match and the overall gross revenue will be redistributed according to the following principles set by the Executive Committee.

Gross income

Projected gross marketing income is EUR 45m.

According to the regulations, 75% will go to the clubs and be distributed as from the group stage of the competition (40 teams plus eight joining from the group stage of the UEFA Champions League), with the remaining 25% reserved for European football and remaining with UEFA to cover organisational and administrative costs.

Therefore, based on gross income of EUR 45m, the amount available for club distribution will be EUR 33.75m, leaving EUR 11.25m as UEFA's share.

Share for the 48 clubs participating as from the group stage of the UEFA Cup

According to the set principle, the net amount available for club distribution will be split 60% as a fixed amount and 40% as a variable amount (market pool). Therefore, EUR 20.25m will be distributed as a fixed amount and EUR 13.5m as a variable amount (market pool).



1. Fixed amount (EUR 20.25m)

For ease of calculation, the amount available has been rounded up to EUR 20.4m.

Each of the 40 clubs involved in the group stage will receive a **starting bonus** of EUR **70,000**.

- In addition, there will be **performance bonuses**: EUR **40,000 for a win and EUR 20,000 for a draw** in the group stage.
- Furthermore, 24 of the 32 teams which qualify for the knockout phase will receive EUR **70,000** each per round for reaching the round of 32 and round of 16 (the exceptions are the eight clubs that join from the group stage of the UEFA Champions League, who will not be entitled to any bonus at these stages).
- Finally, the eight quarter-finalists will receive EUR **300,000** each and the four semi-finalists EUR **600,000** each. The UEFA Cup Winners will receive EUR **2.5m** and the runners-up EUR **1.5m**.

This means that a club could receive, at best, up to EUR 3.77m, not counting the market pool share and the exploitation of the TV and commercial rights up to the round of 16 and the gate receipts.

In addition, the winners of the UEFA Super Cup will receive EUR **1.6m** and the runners-up EUR **1.2m**.

2. Market pool (EUR 13.5m)

The available amount of EUR 13.5m (rounded down to EUR 13.35m to compensate for the rounding up of the fixed amount) will be divided into country shares for each association that has one or more clubs in the quarter-finals.

The shares are proportional to the TV value of each country in accordance with the UEFA Cup contracts. Every country share is then split as follows:

- a) Half of the quota is divided equally among the teams from the same country. Should there be more than one team from the same association in the quarter-finals, the country share of that country increases as per the percentage below and the other associations' shares are adapted accordingly.

1 team	100%
2 teams	125%
3 teams	150%
4 teams	175%
5 teams	200%

In the case of more than one team from the same association in the quarter-finals the country share will be split as follows:



	Association	x team	x team	x team	x team	x team
1 team	100%	100%				
2 teams	125%	62.50%	62.50%			
3 teams	150%	50%	50%	50%		
4 teams	175%	43.75%	43.75%	43.75%	43.75%	
5 teams	200%	40%	40%	40%	40%	40%

b) The remaining half of the quota is distributed to the teams in proportion to the TV market value of the countries left at each respective stage, i.e. eight teams for the quarter-finals, four teams for the semi-finals and two teams for the final. In the case of more than one team from the same association at a given stage, the same principle as per a) above applies. (See enclosed market pool table simulation).

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 per club depends on how many clubs from a market compete and the performances of other clubs from the same country in the UEFA Cup.

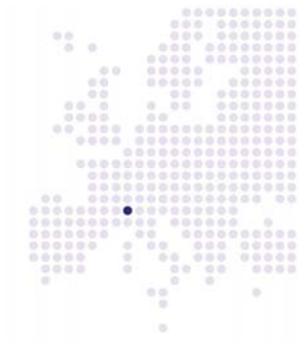
3. Surplus

In the event of any surplus available for club distribution, it will be allocated first to balance out the 60/40 relationship between the fixed and variable amounts. For any additional excess, the UEFA administration will define principles for its distribution according to the final accounts and in consultation with the Club Competitions Committee.

For both the 2006/07 UEFA Champions League and the UEFA Cup, additional detailed information on the market pool value of each club and on the schedule of payments will be communicated directly to the teams before the start of the competition, once all the participants are known. Updated financial information will also be available on the official UEFA website at www.uefa.com.

Please forward this information to the appropriate sectors of your association, in particular to your leagues and those clubs competing in the 2006/07 UEFA club competitions.

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



Yours faithfully,

UEFA

A handwritten signature in black ink, appearing to read 'M. Studer'. The signature is fluid and cursive, with a prominent initial 'M'.

Markus Studer
Deputy CEO

cc

- UEFA Executive Committee
- Club Competitions Committee
- European members of the FIFA Executive Committee
- FIFA, Zurich

Encl: Market pool table simulation

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2006/07 UEFA Cup and 2006 UEFA Super Cup

Simulation of the market pool table

SUMMARY TABLE - 60/40 (35m EUR net for club distribution)								
		Central Branding						
		Central Marketing						
MP: Market Pool								
in EUR	No. of clubs	40	24	16	8	4	1	
	Total Revenue	Group Stage	Last 32	1/8 FINALS	1/4 FINALS	1/2 FINALS	FINAL	
MP - Country Share								
MP - Country Share								
MP - Country Share								
MP - Country Share								
MP - Country Share								
MP - Country Share								
MP - Country Share								
MP - Country Share								
MP Country Share (20%)	6'675'000	0	0	0	100.0%	6'675'000	0	0
MP - Performance								
MP - Performance								
MP - Performance								
MP - Performance								
MP - Performance								
MP - Performance								
MP - Performance								
MP - Performance								
MP Performance (20%)	6'675'000	0	0	0	33.3%	2'225'000	33.3%	2'225'000
Total	31'550'000	6'000'000	1'680'000	1'120'000		11'700'000	4'825'000	6'225'000