INDEPENDENT REVIEW OF THE COMBINED FINANCIAL RESULTS OF THE NATIONAL HOCKEY LEAGUE 2002-2003 SEASON

ARTHUR LEVITT JR.

FEBRUARY 5, 2004

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February 5, 2004

Commissioner Bettman and the
Board of Governors
National Hockey League
1251 Avenue of the Americas
New York, New York 10020-1189

Dear Commissioner Bettman and the Board of Governors:

The Commissioner of the National Hockey League ("NHL" or the "League") has requested that I perform, under the retention of the NHL's legal counsel, Skadden, Arps, Slate, Meagher & Flom LLP and Proskauer Rose LLP, an independent review of the NHL's combined Unified Report of Operations ("URO") for the 2002-2003 season. The purpose of the retention was to advise the Commissioner and the NHL Board of Governors whether, in all material respects, the combined URO results for the 2002-2003 season reflect a comprehensive and accurate statement of the financial results of the League for that season.

Assignment:

My assignment was to make findings and reach conclusions as to:

A. Whether the instructions governing the report of financial information requested by the League's URO adequately and appropriately account for and captures the relevant revenues and expenses associated with operating a professional hockey franchise in the NHL.

B. Whether, based on the use of such verification and other procedures as I deemed appropriate, the member clubs of the NHL have accurately reported the financial information requested by the League's UROs.

C. Whether the treatment of affiliated or related company income in the URO is: (a) reasonable for the purposes of measuring the relevant revenues and expenses associated with operating a professional hockey franchise in the NHL; (b) similar to the treatment of affiliated or related company income in the calculation of Basketball Related Income ("BRI"), as that term is defined in the NBA/NBPA collective bargaining agreement; and (c) similar to the treatment of affiliated or related company income in the calculation of Defined Gross Revenue ("DGR"), as that term is defined in the NFL/NFLPA collective bargaining agreement.

D. Whether the current relationship between League-wide player costs and League-wide revenues is consistent with reasonable and sound business practices in this industry.

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Conclusions:

In accordance with my assignment and based upon the independent review of the books and records of the League, its member clubs and their affiliates as more fully described in the report below, it is my opinion that:

A. The instructions governing the report of financial information by the teams through the URO, adequately and appropriately account for and capture all revenues and expenses associated with operating a professional hockey franchise in the NHL.

B. Based upon the verification and other procedures as set forth below, it is my opinion that the teams of the NHL have, in all material respects, accurately reported the financial information requested by the League's UROs. The combined URO presents a comprehensive and accurate statement, in all material respects, of the combined financial results of the entire League, its teams and affiliated and related-parties with respect to all hockey and hockey-related businesses of the League and its member teams. For the 2002-2003 season, the NHL has reported combined operating revenues of $1.996 billion and a combined operating loss of $273 million before accounting for interest and depreciation expenses.

C. The treatment of affiliated or related-party income in the combined URO reasonably measures the relevant revenues and expenses associated with operating a professional hockey franchise in the NHL in all material respects and is similar to the agreed-upon measures used in the NBA collective bargaining agreement in calculating the related-party revenues that it shares with the players.

D. The current relationship between League-wide player costs and League-wide revenues is inconsistent with reasonable and sound business practices. Player costs of $1.494 billion or 75% of revenues substantially exceed such relationships in both the NBA and the NFL as those relationships are set forth in their collective bargaining agreements.

Background:

The League is comprised of 30 teams as listed in Appendix A (Clubs or Teams). The Board of Governors has authorized the League office to obtain financial and other related information from the Clubs in order to annually compile a League-wide combined URO for each NHL season. The URO is designed to collect financial and certain statistical information from the Clubs in accordance with a standardized set of instructions, the objective of which is to: 1) reflect the financial performance of the League on a comprehensive and aggregate basis, 2) provide Clubs with information on League averages and statistics, 3) allow individual teams to rank their particular performance relative to League-wide performance, and 4) provide the League with information to enable it to assess the financial performance of individual Clubs. These objectives are achieved by requiring the teams to submit financial information to the NHL using standard instructions and to include financial information on affiliated and related parties using common definitions so as to present a combined URO for the NHL as a whole.

The 30 Teams represent 30 different businesses with different histories and unique business arrangements. For example, the teams have different owners and ownership structures, different financing arrangements, different contract terms with the municipalities and facilities in which they play, and different sponsorship and media arrangements. It should be noted that all teams play in venues used also for non-hockey events, including college basketball (e.g., Carolina Hurricanes and North Carolina State Wolfpack), professional basketball (e.g., Los Angeles Kings and the Los Angeles Lakers and Los Angeles Clippers), rodeos (e.g., Calgary Flames and the Calgary Stampede), and concerts. The relative significance of hockey to non-hockey events varies widely from arena to arena. In some instances, such as in Columbus, the facility is owned by an independent unrelated third party. In other instances, a municipality may own the facility, while in still other instances the team owner may own either a controlling interest or a minority interest in the facility. Because of the economic and business circumstances unique to each of the teams, the UROs and URO instructions are designed to include all hockey-related revenues and expenses of each team, regardless of how that team is legally structured, operates or the ownership of the facility it plays in. The goals of the URO are to provide instructions to the teams so they report their business activities on a comprehensive basis using standard instructions and enable the compilation and presentation of a full and accurate statement of the League's combined financial results based upon a comprehensive picture of the entire business of hockey, including all revenues and expenses related to operating an NHL franchise.

NHL's Financial Reporting: The Unified Report of Operations:

Pursuant to League rules, each team is required to prepare a URO and submit it to the NHL League office. At the end of each season the League office issues updated instructions to the teams on how the URO is to be prepared, along with a reporting package in electronic format to be completed by each team. The 2002-03 URO Reporting Package and Instructions are included as Appendix B.

A team's URO is required to include all hockey related revenues and expenses, regardless of whether they are recorded by an affiliated entity or by a related-party. This is to include all hockey related revenues such as gate receipts, broadcasting, media and arena revenues, and all expenses such as player costs, team operating and development costs, arena and building costs, marketing and general and administrative costs. The URO has detailed supporting schedules for reporting revenues, player costs, team operating costs, team development costs, arena and building costs, general and administrative costs, advertising, marketing and public relations costs, balance sheet, cash flow from operations, debt, related-party/affiliated entity transactions, allocations, building statistics and compensation cost for players. Each team's URO includes a share (1/30th adjusted for currency) of the revenues and expenses generated through the League office, such as national broadcasting, national licensing and League administration costs. Attached, as Appendices C, D and E are lists of the specific revenues and expenses required to be reported in the URO by each team.

The revenues and expenses reported in a team URO may be different from the revenues and expenses reported in the team's audited financial statements. The audited financial statements generally only include the revenues and expenses of the legal entities being reported upon. For instance, a team's audited financial statements would not include revenues derived from game day concessions or dasherboards if those revenues were reported by a related-party. Therefore, the audited financial statements are not comprehensive enough to include hockey-related revenues and expenses reported by separate affiliated entities or related parties or may include non-hockey revenues or expenses. The teams are also required, as part of the URO reporting process, to provide a reconciliation of the revenues and expenses reported in the "Club" columns of the URO with those reported in the audited financial statements. The League office periodically makes supplemental information requests of the teams for data to support the URO and test the team's compliance with URO instructions.

Project Summary:

Background and Purpose:

Commissioner Bettman initially contacted and met with me in February of 2003. During that meeting, we discussed the four questions enumerated earlier in the report that he wanted me to address. He was emphatic in his instructions that the review procedures should be designed in a manner I deemed appropriate, and that I would have access to any and all the data I needed to perform the assignment. Moreover, Commissioner Bettman made it clear that my review of the League's finances and my report thereon should be independent, even if my findings were dramatically different from those reported in the combined URO. In order to undertake this comprehensive, complex and time-consuming assignment and to ensure we maintained the independence of our work and integrity of the results, I directed the NHL to retain the independent accounting firm of Eisner LLP ("Eisner") to provide the resources necessary to perform the procedures. In addition, I directed the NHL to retain Lynn E. Turner, currently a Professor and Director of the Center for Quality Financial Reporting at Colorado State University and a former Chief Accountant of the Securities and Exchange Commission, to oversee their work. In order to answer the assigned questions, Turner, Eisner and I jointly designed a set of procedures so that, based upon our independent review, we could conclude our assignment. Eisner, Turner and I are independent of the NHL and its teams and have performed no other services for them. The NHL had paid all of the fees due for my services at the time of my retention, and no fees were contingent in any manner upon the findings of this report.

We commenced our work in April 2003 and completed it in February 2004. During that 10-month period, over two thousand man-hours were incurred by Eisner, Mr. Turner and myself. In addition, thousands of man-hours were spent by the League and team personnel collecting data, meeting with us, and answering our inquiries. Further, thousands of man-hours were spent by the teams' independent auditors in the performance of their audits and the special procedures requested as a part of the project.

Phase I - Planning:

Phase I of our work was a planning phase. In April the League provided us with summary UROs for all of the teams for the three fiscal years ended June 30, 2002 in order for us to choose two teams for in depth review and enable us to develop a project plan. We chose two teams to visit and conducted comprehensive full-day interviews with their Chief Financial Officers with respect to team structure, finances and operations. We interviewed other management as required on select topics. The purpose of these reviews was to gain a preliminary understanding of the URO process at the team level and the methodologies used for cost and revenue allocation. We further gained an appreciation of the unique circumstances each team faces with respect to its history, structure, business and market.

Based on this work we prepared a plan for the complete project and met with League officials to inform them of our approach. The plan included two additional phases: Phase II – a review of all 30 teams' UROs for the 2001-2002 season in preparation for an in-depth review of the 2002-2003 URO; and Phase III – the in-depth review of the UROs for the 2002-2003 season in order to conclude on our assignment. After informing League management of our approach, we began our work on Phase II.

Phase II – Review of 2001-2002:

The second phase of work was to review the 2001-2002 UROs and financial statements for the remaining 28 teams. The purpose of Phase II was to fully understand the URO reporting process at all the teams, assess its adequacy, make recommendations for modification to it, if necessary, and assess the financial, accounting and allocation issues facing each team as it prepares its URO; all as a prelude to fulfilling our assignment as it relates to the 2002-2003 URO results. As a part of that review, we developed a 7-page request for supplemental information that the teams filled out and returned to the League and us. After analyzing all of this information, we conducted 2-4 hour interviews with each team and then followed up with requests for additional information and explanations of variances as we felt necessary. We also reviewed the independent auditors' workpapers for two teams for the 2001-2002 season.

As a result of our Phase II work, we requested modifications to the URO instructions which included clarification of accounting principles and additional details on affiliate relationships and allocations. All our requested modifications were incorporated by the League in the instructions to the 2002-2003 URO. On September 22, 2003, the NHL provided each member team with a URO Reporting Package and Instructions for the 2002-2003 season.

Phase III – Review of 2002-2003:

For the 2002-2003 season we requested that the NHL have each team obtain an audit of its financial statements by an independent public accounting firm and have its independent auditor issue a supplementary audit report on the URO's summary statement of operations (Schedule I) and the schedule of related-party transactions (Schedule XII).[1] An example of the supplementary audit report requested by the NHL is contained in Appendix F. The form of this report is in accordance with generally accepted auditing standards. We requested the report in order to ensure that the information in the URO was subjected to the auditing procedures applied in the independent auditor's audit of the financial statements and, in the opinion of the auditor, is fairly stated in all material respects in relation to the financial statements taken as a whole.

For the 2002-2003 season, we visited three more teams selected by us. For all 30 teams, we again did detailed interviews with each team's Chief Financial Officer and selected management as needed. The reviews encompassed analysis of fluctuations of reported amounts and a review of the revenue and expense allocations for the teams with affiliated buildings and detailed inquiry of management. Additionally, for a select group of teams with affiliated buildings, we had the teams' independent auditors perform agreed-upon procedures on the allocations and related-party transactions in the team's URO. Further, we performed benchmarking tests (as described in detail later in this report) to determine the overall reasonableness of the allocation of arena-related revenues and expenses between NHL hockey and non-hockey events and therefore includable or not includable in the URO. We also performed a separate benchmark test on local cable broadcast revenues reported by teams that have an affiliated cable broadcaster. We performed other verification procedures, analysis and tests of the information as we deemed appropriate in the circumstances. Finally, we selected 4 teams and reviewed the workpapers of their independent auditors.

<u>Procedures:</u>

Under my direction, members of my team were assigned various tasks to execute in order to accomplish our assignment.

The procedures performed are described below by the three phases:

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[1] Due to the bankruptcy filings of the Buffalo Sabres and Ottawa Senators in January 2003, and the unique financial and legal circumstances surrounding such filings, the teams were unable to provide audit reports. In addition, two other teams did not have audit reports issued because of pending financing issues and transactions. In these cases, alternative verification procedures were performed as described later in this report.

Phase I - Planning

1. We obtained and read the URO Reporting Package and Instructions for the 2001-2002 season. Meetings were held with Mr. Craig Harnett, Executive Vice President and Chief Financial Officer of the NHL, and his staff. We discussed the process the League uses to: 1) review individual team results throughout the season and at fiscal year-end and 2) prepare the combined URO, as well as the process the individual teams go through to prepare the URO.

2. We gained an understanding of the process used by the NHL and the teams in preparing the URO by obtaining and reading the UROs and the financial statements submitted by two teams for the 2001-2002 season. Visits were made to both teams, at which time full-day comprehensive interviews were conducted with the financial management of the teams and arenas, and inquiries were made to gain an understanding of: (i) the history, economics, business, structure and financial operations of the teams and any hockey-related affiliates, (ii) the nature of each revenue stream reportable in the URO, (iii) any economic relationship between the teams and any affiliated or related parties, (iv) the basis of allocating revenue and cost between the teams and any related parties and (v) the accounting principles followed in the preparation of the URO. From the outset, the goal was to obtain a complete and in-depth understanding of these teams' businesses related to hockey.

   To that end, when an owner or a team owned or controlled an affiliated or related entity that derived revenues or incurred expenses from the operation of a hockey team, we reviewed and assessed the extent to which those revenues and expenses were to be properly reported in the URO. For instance, this line of inquiry typically included revenue from suites and club seats, broadcasting arrangements, parking, signage, building naming rights, and concessions and novelties. Detailed supporting schedules for allocations of revenues and expenses between NHL hockey and non-hockey events for the 2001-2002 season by the teams and any affiliated entities were provided by both teams and discussed during the visits. The financial management of each team responded to all of our questions.

3. We inspected the audit workpapers of and interviewed, where necessary, the independent auditors for two teams for the 2001-2002 season. The review of audit workpapers and the interviews addressed in detail the testing of revenues and expenses and allowed us to understand the audit procedures they performed.

4. We obtained and read the financial statements of the NHL and NHL-affiliated entities for the 2001-2002 season. Eisner met with the Chief Financial Officer and senior financial staff of the NHL and inquired about revenues and expenses generated at the League level through the League and its affiliated entities. This review included NHL Enterprises L.P., the League's licensing and marketing affiliate, the League office and its administration expenses and the net revenue earned from national broadcasting activities.

5. We inspected the audit workpapers of the independent auditors for the League for the 2001-2002 season, which addressed in detail the testing of revenues and expenses and allowed us to understand the audit procedures they performed. We also read the fiscal 2002 audited financial statements of other League-affiliated entities, including several pension plans, a captive insurance company for the League and its teams, League charities and the team's Collective Bargaining Fund escrow accounts.

6. We requested and reviewed supplementary information in a format specified by us for the 2001-2002 season from all 30 teams. This included additional information regarding revenues and expenses that were subject to allocation between hockey and non-hockey events by the teams and any affiliated entities and a description of the methods of allocation. The supplemental information also included operating statistics for the number of events, attendance and gate receipts for events held in the team's arena and a request for a reconciliation between the revenue and operating profit/loss reported in the audited financial statements and the amounts reported in the URO, as well as detailed explanations of any non-operating expenses or revenues reported in the URO.

Phase II – 2001-2002 Detailed Work:

7. Subsequent to the completion of steps 1-6 above, which were essential for planning of the larger engagement, we read the 2001-2002 UROs, financial statements, supplementary information responses and three-year comparative UROs compiled by the League for 27 of the remaining 28 teams. Due to bankruptcy-related issues, Buffalo submitted an estimated URO which we did not review. We interviewed by telephone the financial management of each of the 27 teams to discuss the basis of preparation of the URO and how revenues and expenses were allocated between hockey and non-hockey activities by the teams and any affiliated entities. Inquiries were made to gain an understanding of: (i) the ownership and financial structure of the team, (ii) the nature of each revenue stream that might be associated with hockey and therefore reportable in the URO, (iii) any transactions between the team and any affiliated or related parties, (iv) how revenue and cost allocations were made between the team and any affiliated or related parties, and (v) the accounting principles followed in the preparation of the URO. We also discussed with each team variances noted based on a comparison of the 2001-2002 UROs to the prior two fiscal years' UROs. Eisner made additional inquiries of the teams about any other matters that came to their attention during the review of the teams' URO and financial statements, and the teams responded to these inquiries.

   Three of the teams did not have individual team financial statements for the 2001-2002 season, three of the teams did not prepare supplementary information responses and, as noted above, one team did not prepare a final URO for the 2001-2002 season due to bankruptcy-related issues. However, these did not impact our ability to review and discuss the UROs prepared for the 2002-2003 season.

8. We tested the mathematical accuracy of the combined URO for the 2001-2002 season. We randomly selected five teams and the individual team's URO data was checked against the related amounts included in the combining spreadsheets. No exceptions were noted as a result of these procedures.

<u>Phase III – 2002-2003:</u>

9. Based on the results of the procedures noted in Phases I and II above, the NHL financial staff, at our request, clarified and modified the 2002-2003 URO instructions prior to their issuance to the teams in September, 2003. Clarifications we requested included: (i) a change in the instructions clearly confirming all depreciation expense be reported as non-operating expenses (not included in the $273 million of net operating loss), (ii) a change in the reporting of certain government grants to be more inclusive, (iii) clarification of the instructions to avoid certain reporting oversights made by some teams in the 2001-2002 season, (iv) clarification of the accounting for deferred signing bonuses and (v) the addition of new schedules setting forth in detail: (a) any allocations of revenue and expenses between hockey and non-hockey activities, by the teams and any affiliated entities together with supporting information, and (b) number of events, paid attendance and gross receipts statistics for the team's arena. At our request, the NHL financial staff also issued specific instructions to particular teams to change the way certain revenue or expense items were being reported in the URO in order that they be in compliance with the revised instructions. In all cases, the modifications are reflected in the combined URO results.[2]

10. We obtained and read the NHL URO Reporting Package and Instructions and audited financial statements for three teams we selected for the 2002-2003 season. We visited each of those three teams and discussed the preparation of the URO for the 2002-2003 season with the financial management of those teams. Interviews were conducted with the financial management of the teams and inquiries were made concerning any changes in: (i) the business and financial operations, and the ownership structure of the teams, (ii) the nature of each revenue stream reportable in the URO, (iii) any transactions between the teams and any affiliated or related parties, (iv) how revenue and cost allocations were made between the teams and any affiliated entities, and (v) the accounting principles followed in the preparation of the URO. Detailed supporting schedules for allocations of revenues and expenses between hockey and non-hockey events by the teams and any affiliated entities were provided by each team and discussed during the visits. Financial management of each team responded to our questions regarding the URO preparation, the operations of the team and variances based on an analytical review of the 2002-2003 UROs compared with the prior two fiscal years UROs.

[2] Our review of the 2001-2002 combined URO statements was not made for determining whether the UROs for years prior to 2002-2003 were materially accurate. The 2001-2002 unaudited combined URO as initially reported by the NHL and teams, and not subject to our review, reported an operating loss of $218 million.

11. We selected eight teams and requested that each team's independent auditor perform additional agreed-upon procedures specified by us with respect to the team's allocation of revenues and expenses between hockey and non-hockey activities in the 2002-2003 URO. Those procedures were requested to provide greater assurance as to the accuracy of data and analysis contained in Schedules XIII (Allocations) and XIV (Building/Arena Statistics) of the teams' UROs. The independent auditors were requested to issue a separate agreed-upon procedures report covering the financial information and statistical data included on these schedules of the URO for the 2002-2003 season. A sample of such a report is included in Appendix G. We applied these procedures to teams where the methodology for the allocation of revenues and expenses was particularly complex. We obtained and read the agreed-upon procedures reports of the independent auditors.

12. We obtained and read the UROs, team audited financial statements and supplementary audit reports on URO Schedules I and XII for the 2002-2003 season for all 30 teams, except as noted below. Telephone interviews were conducted with financial management of the 27 teams that we did not visit. Management of each team responded to our questions regarding the URO preparation, allocations of revenues and expenses between hockey and non-hockey events by the teams and any affiliated entities, and variances based on a comparison of the 2002-2003 season UROs with the two prior fiscal years' UROs. After the interviews, follow-up questions were sent to any team of which we had questions and the responses were received and analyzed.

    Four of the teams did not have audited financial statements for the 2002-2003 season or supplementary audit reports on Schedules I and XII. For each of these teams, Eisner personnel or the team's independent auditor visited the team and performed on site the list of procedures specified by me and set forth at Appendix H. (In addition to Ottawa and Buffalo (see footnote 1), two other teams did not have their audit reports issued because of pending financing issues and transactions.) Of the 26 team audited financial statements received, 23 were unqualified and three had "going concern opinions".

13. For the 22 teams with affiliated arenas, we obtained and read the audited financial statements of the affiliated entities, except as noted below. The purpose was to determine that 1) all hockey-related revenues and expenses were included in the URO, and 2) all significant related-party transactions were properly disclosed and reflected in our analysis.

    We were not provided with the audited financial statements for the arenas of 6 of the 22 teams that have affiliated arena entities. In three cases, the arenas' independent auditors performed agreed-upon procedures specified by me on the internal financial statements of the arena. In one case, the arena's independent auditor performed agreed-upon procedures on the excerpted information provided to us by comparing it to amounts reported in the audited financial statements of the arena. We obtained and read the agreed-upon procedures reports of the independent auditors in each of these cases. In the other two cases, Ottawa and

Buffalo, the agreed-upon procedures performed by Eisner related to the arena as well as the team.

14. We inspected the audit workpapers of the independent auditors for four teams we selected for the 2002-2003 season. This included the audit workpapers to support the independent auditors' supplementary audit report on the URO Schedule I (Summary Statement of Operations) and Schedule XII (Related-Party/Affiliated Entity Transactions). The audit workpapers addressed in detail the testing of revenues and expenses and we inspected those papers to understand the procedures that had been performed. These teams were selected by Eisner to represent a diverse sample of locations and auditors and to avoid overlap with teams that were visited for interviews or where additional agreed-upon procedures were being performed by the team's auditors. However, included in this selection was one team where the auditors performed agreed-upon procedures on URO Schedules XIII and XIV as noted in item 11.

15. We obtained and read the audited financial statements of the NHL and NHL-affiliated entities for the 2002-2003 season and compared the financial information to the prior year's financial information. We reconciled the total League office-generated revenue and expenses to the amounts included by the teams in the combined URO.

16. We obtained and read the combined League-wide URO for the NHL included as Appendix I. The mathematical accuracy of the combined URO for the 2002-2003 season was tested and we checked the data included in each team's URO to the amounts included in the combined URO. We inquired of the NHL CFO as to whether there had been any changes made in: (i) the process the NHL used to review individual team results throughout the season and at fiscal year-end and prepare the combined URO and (ii) revenues and expenses generated by the League office. No exceptions were noted as a result of these procedures.

    During the course of our review, modifications were made to the teams' treatment of certain revenues and expenses. These modifications are included in the $273 million operating loss reported in the combined URO.

17. **<u>Affiliate Benchmarking:</u>**

    As part of our engagement, we wanted to test whether the NHL teams had made a reasonable allocation of fixed revenues and expenses between hockey and non-hockey events. Since various teams with different business arrangements had used different methods, we also wanted to test if standardizing the different allocation methods used by the teams would have a material effect on the overall amounts included in the combined League-wide URO. In order to do so, we developed and applied a benchmarking test using a standard basis of allocation, paid attendance at hockey versus non-hockey events, and tested the amounts included in the combined URO for reasonableness.

    Below is a detailed description of the background and the test.

Background:

Twenty-two of the 30 NHL teams play in an arena that is 50% or more owned, operated or controlled by the team or an affiliated or related-party. Some of these 22 teams share the arena with an NBA basketball team and all of the arenas in which these teams play host other non-hockey events such as college basketball and concerts. As a result, these arenas and teams often generate revenues and incur expenses that relate to both hockey and non-hockey activities. In these instances and for URO purposes, teams must determine the amount of revenues and expenses that are associated with operating a professional hockey franchise in the NHL and those amounts of revenues and expenses that are derived from non-hockey activities.

Because of the individualized nature of the relationships between each team and its affiliated or related parties, and because each team faces different circumstances and market conditions, the URO does not mandate a uniform methodology of allocating revenues and expenses received by affiliated or related parties between hockey and non-hockey activities. The instructions in the 2002-03 URO provide that:

> "Activities relating to NHL hockey which are carried on through a parent company, a subsidiary company, a sister company or through any other entity which shares common or family operating control with the Team are considered "Affiliated" and NHL hockey's share of those operations must be reflected herein. . . . The method of revenue/cost allocation between hockey and non-hockey may vary from one Club to another depending on the significance of the events held in your building. In all cases, when revenues/costs are being allocated, the Club should follow the following general principles:
>
> (a) The basis of allocation should be based on management's best estimate of the economic reality of the transaction(s) and reflect a reasonable approach to allocation.
>
> (b) The basis of allocation should be consistent to the basis used to report prior years unless the analysis in (a) requires change.
>
> (c) Where appropriate, the basis should be consistent to internal and external reporting."

The URO instructions also provide that, to the extent any team revenues or expenses were based on allocations between hockey and non-hockey activities, the team must provide detailed supporting schedules explaining the calculations and the principles underlying the allocations.

In our review of the financial information provided by the 22 teams that play in an arena that is 50% or more owned or operated or controlled by the team, or an affiliated or related-party, we observed a wide diversity of practices in how these teams allocate certain arena revenues and expenses, such as those related to fees from the licensing of suites and club seats, sponsorship arrangements when sold on a combined basis for all events held in the arena, fixed signage visible at all events held in the arena, arena naming rights, and fixed building costs (i.e.: other then direct event night costs). I understand the differing practices have developed over time to fulfill each individual team's business needs and include allocations based on: i) the relationship between the number of hockey events and the number of total events in the building, ii) the relationship of hockey attendance to total attendance in the building; and iii) affiliate contractual relationships or historical experience.

For example, in one instance, a team plays in an arena which is owned, managed and controlled by an affiliate and because the majority of the arena's business is related to the operation of the hockey franchise, the team's URO includes a disproportionately high share of suite and fixed signage revenues (when compared to an allocation done using paid attendance) and a disproportionately low share of fixed building costs. Conversely, in another instance, because the arena is owned by an unaffiliated third party, the team does not own or receive certain categories of revenues such as building naming rights and certain suite premiums. These revenues are retained by an unaffiliated third-party and, therefore, are properly excluded from the team's URO.

Given the different economic circumstances each team faces, and the individual nature of the relationships between teams and affiliated or related parties, it is not surprising that individual team allocation methods vary, as those methodologies were designed by each team to account for its business activities based on its unique circumstances. However, as I am reporting on the combined URO for the NHL, such individual differences are not relevant for purposes of our assignment. What is relevant is whether, on a League-wide aggregate basis, the allocation of revenues and expenses would change significantly if they were reallocated using a standard methodology. We therefore performed a benchmarking study using a reasonable and uniform methodology to determine: (i) whether, on a League-wide aggregate basis, arena revenues and expenses allocated by all of the 22 teams according to a consistent standard would be materially different from the total of the amounts included by the teams in the League's combined URO and (ii) whether any such difference would have a material effect on the overall operating loss of the League. The significance of the benchmarking study is to test, on an overall basis, the reasonableness of the allocations of revenues and expenses between hockey and non-hockey activities when affiliated arena relationships exist.

To perform the benchmarking study, we focused on the 22 teams that play in arenas that are 50% or more owned, operated or controlled by the team, or an affiliated or related-party, and the allocation of arena revenues and expenses between hockey and non-hockey activities. It was not necessary to include the other eight teams in the benchmarking study as the arenas in which they operate are not affiliated, are leased to the teams on an arm's length basis for only hockey activities and therefore no arena-related allocations are required. For purposes of this study, we considered suites and club seats, fixed signage, arena sponsorship arrangements, arena naming rights, and fixed building costs. All other significant revenues and costs can be directly identified with hockey or non-hockey events and therefore are not required to be allocated. [3]

Methodologies

We considered three potential bases for determining whether these revenues and expenses, if allocated using a standardized methodology, would differ significantly from the overall amounts included in the combined League-wide URO. These potential bases were: (i) the total number of NHL hockey events and non-hockey events; (ii) total gross receipts paid for hockey events and non-hockey events; and (iii) paid attendance for hockey and non-hockey events.

Number of Events:

Although a legitimate standard for allocation, we decided against using the total number of hockey and non-hockey events as a standard basis for allocation because large and small events would be weighted equally when allocating revenues and expenses. Under this measure, if 40 percent of the events held at an arena were hockey games and 60 percent were non-hockey events, 40 percent of allocable revenues and expenses would be allocated to the NHL team. Because this methodology would not take into consideration the number of people that attended each event held at the arena and attendance varies dramatically depending on the event, we determined that allocating revenues in this manner would not be appropriate.

Gross Receipts:

Although also a legitimate standard for allocation, we decided against using the gross receipts paid for hockey and non-hockey events as a standard basis for allocation due to the inconsistencies in arena use among the 22 teams that play in an arena owned, operated or controlled by the team, or an affiliated or related-party. Arenas in large markets, such as Madison Square Garden in New York City or the Staples Center in Los Angeles, host substantially more non-hockey events than arenas in smaller markets, such as the Corel Centre in Ottawa. Because of demographic differences, supply and demand, and local competitive factors, arenas in larger markets also tend to host non-hockey events that generate significantly more revenue than non-hockey events held in arenas in smaller markets. For instance, one major concert at Madison Square Garden may generate more gross receipts than two New York Rangers games. The economic reality is, however, that, with respect to fixed signage revenue, (for example), the two Rangers games may generate more revenue than the major concert because the total number of people viewing arena signage is greater at the two hockey games than at the one concert. Thus,

[3] The combined URO includes 100% of net concessions, parking, novelties and publication revenue earned by each team attributable to hockey so no benchmarking was required. Additionally, certain general and administrative expenses are allocated by each team based on their individual circumstances according to usage, and therefore, no benchmarking was required.

using gross receipts generated per event would result in the concert event being weighted more heavily than two hockey games, and allocations on this basis would not be accurate with respect to certain categories of arena revenue. In addition to the inaccuracies that may result from using gross receipts per event as a benchmark, another factor that weighed against using this method was the uncertainty surrounding whether the data necessary to perform such a benchmarking study was available. In some cases, because some or all of the non-hockey events are operated by unaffiliated parties, the arenas do not have gross receipt data for all non-hockey events and it would be difficult, if not impossible, to obtain such information.

Paid Attendance:

Accordingly, for the purposes of our benchmarking study, we determined that the most accurate and practical way to apportion allocable revenues and expenses of related parties between hockey and non-hockey operations, on a standardized basis, was to use paid attendance for all ticketed events held in the arena (Paid Attendance). This basis allocates revenues and expenses between the number of individuals who pay to attend hockey games and those who pay to attend other significant non-hockey events at the same arena. Using Paid Attendance is preferable to the other potential bases because Paid Attendance allows for a more accurate allocation of those revenues and expenses that are directly tied to the number of individuals that pay to attend a particular event. For instance, the amount of revenues derived from fixed arena signage directly relates to the number of people that attend each event. Paid Attendance is also a key indicator in determining how to allocate suite and club seat revenues purchased in an all-events package because it measures the relative value of events as perceived by ticket purchasers as a whole. Moreover, accurate data concerning the number of people that attend hockey and non-hockey events at virtually all of these 22 arenas was readily available. Accordingly, we viewed Paid Attendance as the best basis of allocation and preferable to the other potential bases.

Once we decided that Paid Attendance was the appropriate basis for our benchmarking study, we recalculated the amount of each category of fixed arena revenue and fixed building costs for each of the 22 teams that play in an arena that is 50% or more owned or operated by the team, or an affiliated or related-party, based on Paid Attendance data.

In performing this benchmarking study, we spent an average of ten to twelve hours on each of the 22 teams reviewing and analyzing, i) the data provided by the teams in their UROs, ii) the benchmarking calculations performed by the NHL and, iii) the supplemental benchmarking data request. In doing so, we reallocated arena revenues and expenses between hockey and non-hockey activities to determine how using paid attendance as a benchmark for revenue and expense allocations would impact the amounts reported in the combined URO. The process included cross checking multiple sources of data provided by the teams and a series of detailed follow up inquiries with each team.

Procedures:

We requested that the NHL perform a calculation to determine what the allocated revenues and expenses included in the 2002-2003 NHL combined URO would be if each of the teams with a building affiliation had allocated revenues and expenses using a consistent methodology based on paid attendance at NHL hockey events in relation to total Paid Attendance in the arena. We reviewed the calculations in detail and compared the results to the amounts included by each team in the UROs submitted.

Conclusion – Affiliated Arenas:

Based on this benchmarking analysis, I conclude that, when allocated between hockey and non-hockey events using Paid Attendance as a standard basis of allocation, aggregate League-wide revenues and expenses would not materially differ from the amounts reported in the combined League-wide URO. The combined URO reports an aggregate League-wide operating loss of $273 million for the 2002-2003 NHL season. The results of the benchmarking study would increase the NHL's operating loss for that same season by $2 million.

Under either measure, it is clear the NHL is suffering considerable losses. In fact, the NHL's losses are even more extensive than those identified in the URO, or the benchmarking studies, because operating losses do not account for depreciation and interest charges for both the arenas and the teams. If just interest expenses as reported by the teams in the UROs as non-operating expenses were taken into consideration, the NHL's aggregate loss would increase by approximately $101 million to $374 million.

We considered whether hockey revenues should include a portion of revenues earned by unrelated businesses which share common ownership with the team. It would be inappropriate and not in accordance with Generally Accepted Accounting Principles or the accounting rules and regulations of the Securities and Exchange Commission for the hockey team to increase its revenues by attributing a portion of the revenues earned by an unrelated business under common ownership that were not measurably attributable to hockey. We do not believe that any such revenue attribution could or should be made.

<u>Benchmarking - Broadcasting:</u>

As part of our work, we wanted to test the reasonableness of the local cable broadcasting revenues included in the URO when the team had a broadcast rights agreement with an affiliated entity or related-party, so we compared the local broadcasting revenue reported in the URO by those teams to the Computed Revenue described below.

For the four teams that have broadcast agreements with an affiliated or related-party, the NHL computed a fair market value for the broadcasting revenue using a formula which takes into account: comparable agreements negotiated at arm's-length between unrelated parties in the top ten Nielsen Media Research Designated Market Areas ("DMAs") in the U.S. where there are NHL teams plus a large Canadian market; the nature of the relationship between the team and the broadcaster; the rights covered by the agreement; the number of games broadcast and the ratings. This analysis provided average revenue per viewer based on broadcasting agreements negotiated in the top ten markets where the NHL has teams (Computed Revenue). This Computed Revenue per viewer was then applied to the viewers in each of the markets where teams had an affiliated broadcaster to establish a fair market value for their rights based on the average revenue achieved in unaffiliated markets. We obtained and read the analysis prepared by the NHL. The analysis compared the Computed Revenue to the URO revenue. In all cases, the amounts included in the URO by the teams exceeded the fair market value computed. If an adjustment were made to the combined URO, the combined operating loss for the NHL for 2002-2003 would be increased.

<u>Other procedures:</u>

18. For the 2002-2003 season, we obtained and read 70 player contracts, representing the two highest-paid players on each team plus ten additional contracts. The financial terms in the contracts were compared to the disclosures in the player compensation table in each team's URO. With respect to signing bonuses and deferred compensation provided in a player contract, we compared the financial terms to the treatment in the team's URO. We also analyzed any non-standard provisions in these contracts to ascertain whether the accounting for these contracts was in accordance with the URO instructions. On an overall basis, we benchmarked the present value of deferred signing bonuses against the costs the teams included in their UROs to ensure that an appropriate amount was included in the combined URO. The resulting difference, which was not material to the combined URO, was included in the overall benchmarking results set forth in item 17 above.

19. For the 2002-2003 season we selected, obtained and read related-party arena lease agreements for four of the 22 teams that have affiliated arena entities, and compared our findings to the disclosures contained in the audited financial statements of the team and the treatment in the team's URO. We noted that the information obtained in our reading of the related-party agreements was consistent with the information disclosed in the audited financial statements and the UROs.

20. We inquired of each team as to the nature and amount of any compensation to the team owners or their affiliates. We read Schedule XII (Related-Party/Affiliated Entity Transactions) of each team's URO to determine whether any other such amounts were reported by the teams. The 26 teams with audited financial statements also had supplementary audit reports in accordance with Generally Accepted Auditing Standards covering Schedule XII, which discloses in accordance with Generally Accepted Accounting Principles all related-party

transactions in excess of $25,000. We compared the salaries paid by each team to its owners, if any, to 2002-2003 compensation data furnished by the League and found that the owners' compensation reported in the UROs was consistent with amounts paid to non-owners performing similar functions.

21. We read the relevant sections of the collective bargaining agreements for both the National Basketball Association ("NBA") and the National Football League ("NFL") related to the determination of revenues that are shared under their respective collective bargaining agreements.

Under the NBA collective bargaining agreement, the share of revenues that is paid to the players is based on BRI, which is defined as the aggregate operating revenues "derived from, relating to or arising directly or indirectly out of the performance of players in NBA basketball games or in NBA-related activities." BRI encompasses revenues earned by NBA teams, including those derived from regular season and playoff gate receipts; broadcast rights; exhibition games; novelty, program and concession sales; parking; team sponsorships; arena clubs; luxury suites; fixed and temporary signage and revenues from NBA Properties, NBA Entertainment, and other NBA affiliates. The NBA accounts for affiliated or related-party income by counting these revenues in BRI whether they are received by a team or a "Related-Party." The term "Related Parties" is defined as "third parties that control, or own at least 50% of the NBA team or that are controlled or owned at least 50% by the persons or entities controlling or owning at least 50% of the NBA Team." The NHL defines an affiliated, or related-party, as any entity which is owned or controlled by the NHL franchise, or shares common or family operating control with the NHL franchise.

Since many NBA teams share an arena and often common ownership with an NHL team, the NBA faces many of the same affiliated or related-party accounting issues as the NHL. Similar to the NHL, a majority of NBA teams play in an arena where a Related-Party owns or operates it for all events held in that arena. Accordingly, revenues received by a Related-Party may need to be allocated between NBA basketball games and events unrelated to NBA basketball, such as NHL hockey games, college basketball games, concerts and other events. In many instances, as a matter of negotiated agreement between the NBA and the National Basketball Players Association ("NBPA"), the NBA collective bargaining agreement gives specific revenue allocation guidance to determine the proportion of revenues to be included in BRI. For example, 40 percent of Related-Party arena revenues derived from fixed arena signage and luxury suites are allocated to BRI without regard to the actual proportion of revenues received by the arena that are attributable to the playing of NBA basketball games. And for other arena revenues received by Related Parties, such as those derived from in-arena sales of concessions, parking, arena clubs, and temporary signage, the NBA collective bargaining agreement provides that actual game-day proceeds are included in BRI. Building naming rights are excluded from BRI.

However, with respect to broadcasting agreements between NBA teams and Related-party broadcasters, the NBA collective bargaining agreement provides only general guidance to allocate these revenues based on fair market value between basketball and non-basketball income.

We understand that each year during the audit process, the NBA and NBPA negotiate over what amount of certain revenues received by Related Parties should be included in BRI. In most instances, representatives of the NBA and the NBPA have negotiated resolutions to these various disputes. The NBA collective bargaining agreement itself contains examples of the parties' negotiation and resolution of these types of issues. For example, the parties agreed that, because the value of the local broadcast agreement between the New York Knicks and MSG Network could not be readily ascertained, the Knicks would include in BRI an amount equal to the value of the Los Angeles Lakers' local broadcast agreement. Similarly, because the value of the Knicks' transactions with Related Parties involving arena signage could not be readily ascertained, the parties agreed that the Knicks would include a designated amount in BRI for signage and that this amount would be increased or decreased each year based on League-wide changes in signage revenue. Thus, in some instances, the manner in which the NBA accounts for affiliated or related-party income does not reflect an attempt to allocate income between basketball and non-basketball activities based on any set standard, but rather is the result of an agreement reached through negotiations between the NBA and the NBPA. In this and other respects, the NHL URO instructions and our benchmark studies require inclusion of affiliated or related-party revenue amounts based on mathematical calculations rather than in accordance with a negotiated agreement as is the case of the NBA and the NBPA.

With respect to the NFL, it is difficult to make a meaningful comparison between the URO treatment of related-party income and the treatment of related-party income in the calculation of DGR under the NFL's collective bargaining agreement. The NFL infrequently confronts affiliated or related-party accounting issues because few NFL team owners own the stadium in which their team plays. Of those few team owners who also own the stadium in which their team plays, most received significant government funding for construction of the stadium, funded construction through premium seat revenues, or borrowed funds from the NFL, all of which by agreement with the NFL Players' Association are excluded from DGR under the collective bargaining agreement to the extent they are used for stadium construction. Accordingly, issues associated with related-party transactions and how to allocate these revenues between football and non-football activities infrequently arise and therefore we did not compare the URO reporting of Related-Party income to DGR.

Nevertheless, we took the data compiled during the benchmarking process and applied our interpretation of the NBA's BRI standards as set forth in the Collective Bargaining Agreement for treatment of suite, fixed signage and naming rights revenue, whether received by affiliated or related parties or the teams, to the NHL data in order to estimate what these NHL revenues would be by applying the BRI standards. We found the NHL's treatment of these revenues in the combined URO to be similar and the amounts reported in the combined URO not materially different from the results of our calculation.

22. Mr. Turner and I reviewed throughout the engagement the work and findings of Eisner. I received a report from Eisner setting forth the procedures they performed as outlined above and their findings. We also performed a review of their workpapers upon the completion of their engagement.

Conclusions:

Based upon the work performed over the last 10-months as outlined above, the extensive review of the URO process, the teams' audited financial statements, the supplementary audit reports on the selected URO schedules received from the independent auditors of the teams, the agreed-upon procedures reports on selected information from the independent auditors of a sample of the teams combined with the field visits and interviews we engaged in, and the extensive benchmarking analysis performed on affiliated arena and broadcasting relationships, I conclude the following with respect to:

A. *Whether the instructions governing the report of financial information requested by the League's URO adequately and appropriately account for and captures the relevant revenues and expenses associated with operating a professional hockey franchise in the NHL.*

The instructions governing the reporting of the financial information by the teams through the URO, adequately and effectively direct the team to report all revenues and expenses associated with operating a professional hockey franchise in the NHL.

B. *Whether, based on the use of such verification and other procedures as I deemed appropriate, the member clubs of the NHL have accurately reported the financial information requested by the League's UROs.*

Based on our verification and the other procedures we performed and the audit opinions, supplementary reports and agreed-upon procedures of the teams' independent auditors, all as enumerated previously, it is my opinion that the teams of the NHL have, in all material respects, accurately reported the financial information requested by the League's UROs. The combined URO presents a comprehensive and accurate statement, in all material respects, of the combined financial results of the entire League, its teams, and affiliated and related-parties with respect to all hockey and hockey-related businesses of the League and its member teams.

The combined League-wide URO as reported below includes all revenues[4] related to hockey, such as Gate Receipts, Suites and Club Seats, Concessions and Broadcasting, regardless of whether recorded on the team's books or an affiliate's

[4] Such revenues are fully detailed in the URO reporting package (Appendix B) and outlined in Appendix C

books. Similarly, the combined URO results include all expenses[5] related to hockey activities such as player costs, development costs, game day costs, fixed building costs (excluding depreciation and interest) and applicable General and Administrative Costs (G&A) regardless of whether recorded on the team's books or an affiliate's books.

The combined League-wide URO for the fiscal year ended June 30, 2003 reports the following amounts (in millions of U.S. dollars):

	2003	% of Revenue
Combined Revenues	$1,996	100
Player Costs	1,494	75
Other Operating Costs	775	39
Total Operating Costs	2,269	114
Operating Loss, excluding depreciation, amortization, interest and taxes[1]	($273)	

(1) Incorporated in the above combined results for the League are the costs of running the League office, the operating profit of NHL Enterprises and the net profit from the national broadcasting agreements. These are audited annually at the League level and each team includes in their URO their share of these revenues and costs as calculated in accordance with the League's constitution and by-laws (1/30th adjusted for currency).

Separate line items are provided in each team URO for League office costs, under "Dues and Assessments"; for net profit from NHL Enterprises, included in Other Revenues as "NHL Enterprises Rights"; and for net profit from the national broadcasting contracts included as "NHL TV Revenues – Net".

In the 2002-2003 season, 19 teams reported operating losses and 11 teams reported operating profits. The largest profit reported in its URO by a team was $14.6 million and the largest loss was $40.9 million. The average profit of the 11 teams reporting a profit on the URO was $6.4 million. The average loss of the 19 teams reporting losses was $18.0 million. The average loss reported on the combined League-wide URO for the 30 teams was $9.1 million.

[5] Such expenses are more fully detailed in the URO reporting package (Appendix B) and outlined in Appendix D & E.

Below the number of teams are segmented by size of operating loss/profit. In reviewing the underlying data, there appears to be no clear relationship between the size of the loss and revenue ranking or market size as measured by a relative DMA ranking. All amounts reported below include operating profits earned in playoffs.

	Number of Teams	Average (Loss)/Profit	Highest (Loss)/Profit	Combined (Loss)/Profit
Teams Reporting Operating Losses:				
Over $30 Million	4	($35.5)	($40.9)	($142.0)
$20-$29.9 Million	2	(23.2)	(26.2)	(46.4)
$10-$19.9 Million	6	(16.9)	(19.0)	(101.5)
$5-$9.9 Million	6	(8.2)	(9.9)	(49.4)
Under $5 Million	1	(3.1)	(3.1)	(3.1)
Totals for Teams Reporting Operating Losses	19	(18.0)	(40.9)	(342.4)
Teams Report Operating Profits				
Over $10 Million	2	$12.7	$14.6	$25.3
$5.0-$9.9 Million	4	8.1	9.4	32.4
Under $5 Million	5	2.4	4.3	12.1
Total for Teams Reporting Operating Profits	11	6.4	14.6	69.8
Overall Combined Operating Loss				($272.6)

It is my opinion, based on all our work, that the combined URO operating loss for the fiscal year-ended June 30, 2003 of $273 million is a comprehensive and accurate statement, in all material respects, of the results of operating the 30 NHL hockey franchises during the 2002-2003 season and includes all revenue and expenses attributable to the hockey business whether recorded by the team or in an affiliated or related entity.

However, it should be noted that the $273 million in operating loss is understated as it excludes two important cost components required to be considered under generally accepted accounting principles in measuring the results of operations. The $273 million combined operating loss excludes any interest charges or debt service for monies borrowed to directly support the operations such as working capital loans or borrowings to fund deficits, nor does it include any costs of financing to purchase the teams, construct arenas or purchase any other tangible assets, all of which need to be funded by team operations or the owner, when the team operations are insufficient. Further, the combined loss of $273 million excludes any provisions for the replacement of depleting assets through depreciation or amortization.

Including only net interest expense as reported in the UROs as non-operating expense (which may exclude interest expense for buildings, team purchases or borrowings to fund operations recorded by affiliates that might be properly allocated to a team) would increase the operating loss to approximately ($374 million).

C. *Whether the treatment of affiliated or related company income in the URO is: (a) reasonable for the purposes of measuring the relevant revenues and expenses associated with operating a professional hockey franchise in the NHL; (b) similar to the treatment of affiliated or related company income in the calculation of Basketball Related Income ("BRI"), as that term is defined in the NBA/NBPA collective bargaining agreement; and (c) similar to the treatment of affiliated or related company income in the calculation of Defined Gross Revenue ("DGR"), as that term is defined in the NFL/NFLPA collective bargaining agreement.*

In my opinion, the treatment of affiliated or related-party income in the combined URO reasonably measures the relevant revenues and expenses associated with operating a professional hockey franchise in the NHL in all material respects and is similar to the agreed-upon measures used in the NBA collective bargaining agreement in calculating the related-party revenues that it shares with the players. The URO captures all revenues and expenses derived directly or indirectly from activities related to NHL hockey regardless of the legal entities through which those activities are conducted. Specifically, the URO includes revenues received by affiliated and related-party entities that are properly allocable to the operation of a hockey franchise.

D. *Whether the current relationship between League-wide player costs and League-wide revenues is consistent with reasonable and sound business practices in thisLeague.*

Based on our work, our understanding of the business of the sport of hockey, and our knowledge of the financial relationships that generally need to exist in order for a business enterprise to be financially sound and successful, the current relationship between League-wide player costs and League-wide revenues is inconsistent with reasonable and sound business practices. Player costs of $1.494 billion or 75% of revenues substantially exceed such relationships in both the NBA and the NFL as those relationships are set forth in their collective bargaining agreements.

Respectfully Yours,

(Original signed by
Arthur Levitt Jr.)

Appendices

A – List of teams
B – Copy of 2002-03 URO Reporting Package
C – Major Hockey-related Revenues
D – Major League Player Costs
E – Other Costs
F – Form of supplementary audit report
G – Form of agreed-upon procedures reports – affiliated arenas
H – Form of agreed-upon procedures reports – teams not audited
I. – Combined URO for 2002-2003 season
J – Arthur Levitt's curriculum vitae
K – Lynn Turner's curriculum vitae

Appendix A

TEAM	LOCATION
Mighty Ducks of Anaheim	Anaheim, CA
Atlanta Thrashers	Atlanta, GA
Boston Bruins	Boston, MA
Buffalo Sabres	Buffalo, NY
Calgary Flames	Calgary, AL
Carolina Hurricanes	Raleigh, NC
Chicago Blackhawks	Chicago, IL
Colorado Avalanche	Denver, CO
Columbus Blue Jackets	Columbus, OH
Dallas Stars	Irving, TX
Detroit Red Wings	Detroit, MI
Edmonton Oilers	Edmonton, AL
Florida Panthers	Sunrise, FL
Los Angeles Kings	LA, CA
Minnesota Wild	St. Paul, MN
Montreal Canadiens	Montreal, QC
Nashville Predators	Nashville, TN
New Jersey Devils	E. Rutherford, NJ
New York Islanders	Plainview, NY
New York Rangers	New York, NY
Ottawa Senators	Kanata, ON
Philadelphia Flyers	Philadelphia, PA
Phoenix Coyotes	Scottsdale, AZ
Pittsburgh Penguins	Pittsburgh, PA
St. Louis Blues	St. Louis, MO
San Jose Sharks	San Jose, CA
Tampa Bay Lightning	Tampa, FL
Toronto Maple Leafs	Toronto, ON
Vancouver Canucks	Vancouver, BC
Washington Capitals	Washington, DC

UNIFIED REPORT OF OPERATIONS REPORTING PACKAGE 2002-03 FINAL RESULTS

PLEASE READ THE INSTRUCTIONS CAREFULLY, AS REVISIONS HAVE BEEN MADE TO THE URO FORMS/SCHEDULES AND INSTRUCTIONS THIS YEAR. IT IS IMPORTANT THAT YOU USE THE URO SCHEDULES AS PROVIDED AND NOT INSERT OR DELETE ANY LINE ITEM. IT IS ALSO IMPORTANT THAT YOU COMPLETE ALL THE URO SCHEDULES OR CLEARLY MARK "N/A" IF NON-APPLICABLE, OTHERWISE THE URO PACKAGE WILL NOT BE CONSIDERED AS COMPLETED. IF YOU HAVE ANY QUESTIONS ON HOW OR WHERE TO REFLECT A TRANSACTION, CALL CRAIG HARNETT OR JOSEPH DE SOUSA AT THE LEAGUE OFFICE.

UNIFIED REPORT OF OPERATIONS
REPORTING PACKAGE

2002-03 SEASON

CLUB: ______________________________

PREPARED BY: ______________________________

TITLE: ______________________________

TELEPHONE NO: ______________________________

DATE: ______________________________

____
Signature of Club Chief Financial Officer

UNIFIED REPORT OF OPERATIONS
REPORTING PACKAGE

INDEX

UNIFIED REPORT OF OPERATIONS
<u>REPORTING PACKAGE</u>

URO GENERAL INSTRUCTIONS

The League is required by the Board of Governors to obtain financial and other related information from member Clubs to compile the annual Unified Report of Operations ("URO").

The objectives of the URO are to 1) reflect the financial performance of the League on a uniform combined basis, 2) provide Clubs with information on League averages and statistics, and allow individual Teams to rank their particular performance relative to league-wide performance, and 3) provide the League with information to enable it to assess the financial performance of individual Clubs. In order to achieve these objectives, each Team must present the information precisely as required in these Instructions. Failure to comply with the instructions, such as partially filling out sections, or combining of information where not appropriate, severely limits the usefulness of the URO as a management tool to both the League and your Club.

We recognize the work that will be required to complete the URO reporting package and, we along with your partner Clubs, very much appreciate your efforts and cooperation in fully completing the package and furnishing this information to the League.

REPORTING REQUIREMENTS

<u>Accounting Principles -</u>
It is not required that any Club change its present chart of accounts and/or accounting principles. However, for comparative reasons and consistency, it is mandatory that Clubs use the accounting principles described herein when preparing the URO. It is highly recommended that to the extent possible a Club use the same accounting principles for financial statement purposes and URO purposes to simplify its preparation and minimize the costs.

<u>Period Covering -</u>
If your Club's fiscal year end includes the entire 2002-03 playing season, you must use your annual financial statements to prepare the URO. If it does not, you must complete the package by compiling the results of a 12-month period, which includes the entire playing season. **Supporting schedules reconciling your Club's revenues and operating income/(loss) to the URO must be provided.** All information must be submitted on an accrual basis and follow Generally Accepted Accounting Principles (GAAP).

<u>Currency -</u>

Canadian Clubs should report all amounts in thousands of CAD dollars and U.S. Clubs in thousands of U.S. dollars.

UNIFIED REPORT OF OPERATIONS
REPORTING PACKAGE

Affiliated Entities -
If revenues or expenses from NHL hockey related events (e.g., licensing of skyboxes or suites, concessions, parking, etc.) are included in an Affiliated Entity's financial statements, the entity's portion relating to hockey events should be reported in the URO in the columns entitled "Affiliated Entities".

Activities relating to NHL hockey which are carried on through a parent company, a subsidiary company, a sister company or through any other entity which shares common or family operating control with the Team are considered "Affiliated" and NHL hockey's share of those operations must be reflected herein. Should you or your auditors have any questions regarding these requirements, please contact Joseph De Sousa or Lowell Heit at the League office.

In other words, for purposes of preparing an accurate analysis of the financial performance of the NHL and its member Teams, operations of all NHL hockey-related activities, including operations through Affiliates, irrespective of the legal form or ownership of the entities, is necessary.

For example, if your Club or an Affiliated Entity owns, manages or operates the arena in which your Club plays in, the URO requires that you report the NHL hockey related revenues and operating costs of the arena.

Since non-hockey event revenues and expenses are excluded from the URO, an appropriate share of the arena fixed revenues and building operating costs should also be attributed to the non-hockey events and excluded for URO purposes. The method of revenue/cost allocation between hockey and non-hockey may vary from one Club to another depending on the significance of the events held in your building. In all cases, when revenues/costs are being allocated, the Club should follow the following general principles:

(a) The basis of allocation should be based on management's best estimate of the economic reality of the transaction(s) and reflect a reasonable approach to allocation(s).

(b) The basis of allocation should be consistent to the basis used to report prior years unless the analysis in (a) above requires change.

(c) Where appropriate, the basis should be consistent to internal and external reporting.

To the extent that revenues and/or costs are based on an allocation between hockey and non-hockey events, mark an "X" in the space provided in the URO schedule and provide on Schedule XIII a description of allocation principle and details of the calculations, including the total pool of revenues/expenses being allocated. Report on a separate sheet any significant/material change in allocation method(s) used to prepare the 2002-03 URO as compared to the allocation method(s) used to prepare the 2001-02 URO.

UNIFIED REPORT OF OPERATIONS
REPORTING PACKAGE

URO Special Purpose Audit Report and Financial Statements

Each Club must provide the League with the Special Purpose Report as described in our memo dated September 2, 2003 and noted below along with
your Club's audited financial statements which cover the 2002-03 playing season together with a detailed reconciliation schedule of the revenues and operating profit/(loss) reported in the URO to the audited financial statements

The Independent Auditor's Special Purpose Report should read as follows:

Report of Independent Auditors

Board of Governors of
The National Hockey League

We have audited the accompanying balance sheets of __________Member Club (the "Member Club") as of _________, and the related statements of operations, changes in stockholders' equity (deficit) and cash flows for the year(s) then ended. These financial statements are the responsibility of the Member Club's management. Our responsibility is to express an opinion on these financial statements based on our audit(s). We conducted our audit(s) in accordance with auditing standards generally accepted in the United States [Canada - for Canadian Teams]. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit(s) provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of _______ Member Club at _________, and the results of its operations and its cash flows for the year(s) then ended in conformity with accounting principles generally accepted in the United States [Canada - for Canadian Teams].
Our audit(s) was (were) conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Unified Report of Operations
Schedule I and XII for the ________ Member Club is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit(s) of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as whole.

<Date>

UNIFIED REPORT OF OPERATIONS
REPORTING PACKAGE

As noted in the September 2, 2003 memo, this Special Purpose Audit report will be in lieu of the "Comfort Letters" previously required of all 30 clubs under the URO instructions. In addition, a small group of clubs randomly selected by our project auditors may be required to provide an " Agreed Upon Procedures Report." We will notify those clubs selected in October of their selection, the additional procedures to be performed and the form of the report to be issued by your Club's local auditors.

Obviously, because of different structures, some Clubs may require more than one entity to be audited in order to be able to opine on both the Club and Affiliated Entity results reported in the URO. For example, to the extent that NHL hockey-related income or expenses are reported through an Affiliated Entity and that entity is not consolidated with your Club's results, two (or more) Special Purpose Audit Reports may be required: one for the entity which owns the Club (i.e., the results reported in the Club column of the URO), and one for each Affiliated Entity for which NHL hockey-related income has been reported (i.e., the results reported in the Affiliated Entity column of the URO). To the extent that an audit is done at a higher consolidated level, the auditor should be able to opine on both the Club and the Affiliated Entity results reported in the URO in the same Report. Having said that, each club will need to work through their individual issues, such as different year-ends and entities with their local auditors. We have had many discussions with Teams and their auditors on these issues to date. As your concerns and issues arise, you should contact us for ideas, assistance or guidance, as you deem necessary.

Other

The enclosed forms and the detailed by line item instructions have been prepared to assist you in preparing your package. All amounts must be stated in thousands of dollars. Any assumptions incorporated in the financial information that deviate from these specific instructions must be described to ensure the accuracy of the report.

FILING REQUIREMENTS

1. The completed URO package and accompanying financial statements (including arena affiliated entity's financial statements, if appropriate) must be submitted in draft form along with the draft Special Purpose Audit Report that the auditors are prepared to issue, to the League office no later than October 20, 2003.

2. The final URO, Special Purpose Audit Report and accompanying financial statements must be submitted to the League office no later than November 24, 2003.

Submit all your information to:
Lowell Heit
National Hockey League
1251 Avenue of the Americas
New York, NY, 10020
P: (212) 789-2675 F: (212) 789-2060
Email: lheit@nhl.com

We thank you in advance for your cooperation. Should you have any questions, please do not hesitate to contact us at the League office.

National Hockey League
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(Thousands of Dollars)

Club:

Note: Please input in yellow/shaded area only. Do not add or delete lines. Enter amounts in thousand of local dollars.	**Line #**	**Mark "X" if allocation Used**	**Club**		**Affiliated Entities**	
			Regular Season	**Playoffs**	**Regular Season**	**Playoffs**
SCHEDULE I - SUMMARY						
A. Revenues (From Schedule II)						
Gate Receipts - Net (Section A)	1					
Pre-Season & Special Games - Net (Sections B & C)	2					
Broadcasting Revenues - Net (Sections D To G)	3					
New Media Revenues - Net (Sections H & I)	4					
In Arena Revenues - Net (Sections J To R)	5					
Other Hockey Revenues (Section S)	6					
Total Revenues - Net	**A**					
B. Player Costs (From Schedule III)						
Major League Player Costs (Section A)	7					
Other Player Costs (Section A.1 To C)	8					
Total Player Costs	**B**					
C. Other Operating Costs						
Team Operating Costs (Schedule IV)	9					
Team Development Costs (Schedule V)	10					
Arena & Building Costs (Schedule VI)	11					
General & Administration (Schedule VII)	12					
Adv., Mkt., PR. & Tickets (Schedule VIII)	13					
Total Other Operating Costs	**C**					
D. Total Operating Costs	**B+C**					
E. Net Regular Season Operating Profit/(Loss)	**A-D**					
F. Net Playoff Profit/(Loss)	**E**					
G. Net Operating Profit/(Loss) before non-oper. items	**E+F**					
H. Non-Operating Items - Revenues/(Expenses)						
Interest Income/(Expense)	14					
Interest (Expense) - Player deferred comp.	14(a)					
Amortization Of Franchise/Expansion Fee	15					
Depreciation of Arena/Building	16					
Depreciation/Amortization - all other	17					
Income From Franchise/Expansion Fee	18					
Contingency Reserves (Provide Details)	19					
Extraordinary Items (Provide Details)	20					
Other (Provide Details For Items Over $50,000)	21					
Total Non-Operating Costs	**H**					
I. Net Income/(Loss) Before Taxes	**G+H**					

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Club:

Note: Please input in yellow/shaded area only. Do not add or delete lines. Enter amounts in thousand of local dollars.	**Line #**	**Mark "X" if allocation Used**	**Club**		**Affiliated Entities**	
			Regular Season	**Playoffs**	**Regular Season**	**Playoffs**
SCHEDULE II - REVENUES						
A. Gate Receipts - Gross:						
Season Tickets	1					
Single Game Sales	2					
Group Sales	3					
Ticket Value Of Sky Box Seats	4					
Ticket Value Of Club/Premium Seats	5					
Trades/Comps	6					
Total Gross Gate Receipts	7					
Less: Admission Tax, GST & Other Taxes	8					
Net Gate Receipts	**A**					
B. Pre-Season Games:						
Gate Receipts	9					
Payments From Other Teams	10					
Less:						
Arena Rent/Costs	11					
Team Travel, Lodging & Per Diem	12					
Other Direct Costs	13					
Net Pre-Season Games Revenue	**B**					
C. Special Game Revenue - Net:						
Gate Receipts, Net Of Taxes	14					
Share Of NHL Proceeds/(Costs)	15					
Less:						
Team Travel, Lodging & Per Diem	16					
Other Direct Costs	17					
Net Special Game Revenues	**C**					
D. NHL TV Revenues - Net:						
NHL T.V. Revenue, Net Of Direct Charges	18					
CRT Rights	19					
Prior Year Adjustment	20					
Net NHL T.V. Revenues	**D**					

National Hockey League
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Club:

Note: Please input in yellow/shaded area only. Do not add or delete lines. Enter amounts in thousand of local dollars.	Line #	Mark "X" if allocation Used	Club		Affiliated Entities	
			Regular Season	Playoffs	Regular Season	Playoffs
SCHEDULE II - REVENUES (CONT'D.)						
E. Local Broadcasting Revenues - Net:						
Rights/Broadcast Fees (incl. Invasion fees)	21					
Advertising & Other Revenue	22					
Less:						
Agency Commissions	23					
Announcers	24					
Production/Station Fees	25					
Other Direct Costs	26					
Net Local Broadcasting Revenues	**E**					
F. Local Cable TV Revenues - Net:						
Rights/Broadcast Fees	27					
Advertising & Other Revenue	28					
Less:						
Agency Commissions	29					
Announcers	30					
Production/Station Fees	31					
Other Direct Costs	32					
Net Local Cable TV Revenues	**F**					
G. Local Radio Revenues - Net:						
Rights/Broadcast Fees	33					
Advertising & Other Revenue	34					
Less:						
Agency Commissions	35					
Announcers	36					
Production/Station Fees	37					
Other Direct Costs	38					
Net Local Radio Revenues	**G**					
H. Local Pay Per View & Satellite - Net:						
Rights Fees, Advertising & Other Revenue	39					
Less:						
Other Direct Costs	40					
Net Local Pay Per View & Satellite Revenues	**H**					

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Club:

Note: Please input in yellow/shaded area only. Do not add or delete lines. Enter amounts in thousand of local dollars.	Line #	Mark "X" if allocation Used	Club Regular Season	Club Playoffs	Affiliated Entities Regular Season	Affiliated Entities Playoffs
SCHEDULE II - REVENUES (CONT'D.)						
I. Internet Revenues - Net:						
Banner Ads	41					
Licensing Fees	42					
Sponsorship	43					
Gross Barter Revenue	44					
Other Revenues	45					
Less: Salaries, Fees & Other Direct Costs	46					
Net Internet Revenues	**I**					
J. Publications-Program Revenue - Net:						
Advertising Revenue	47					
Sales Of Programs	48					
Less:						
Production Costs	49					
Other Direct Costs	50					
Net Publications Program Revenue	**J**					
K. Arena Novelty Revenue - Net:						
Gross Sales	51					
Less:						
Product Costs	52					
Other Direct Costs	53					
Net Arena Novelty Revenue	**K**					
L. Non-Arena Novelty Revenue - Net:						
Gross Sales	54					
Less:						
Product Costs	55					
Other Direct Costs	56					
Net Non-Arena Novelty Revenue	**L**					
M. Concessions Revenue - Net:						
Gross Sales	57					
Less:						
Product Costs	58					
Other Direct Costs	59					
Net Concessions Revenues	**M**					

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Club:

Note: Please input in yellow/shaded area only. Do not add or delete lines. Enter amounts in thousand of local dollars.	**Line #**	**Mark "X" if allocation Used**	**Club**		**Affiliated Entities**	
			Regular Season	**Playoffs**	**Regular Season**	**Playoffs**
SCHEDULE II - REVENUES (CONT'D.)						
N. Luxury Box (Suites) Revenue - Net:						
Licensing Fees	60					
Less:						
Ticket Value In Gate Receipts	61					
Line left blank intentionally	62					
Other Direct Costs	63					
Net Sky Box Revenues	**N**					
O. Club/Premium Seat Revenue - Net:						
Licensing Fees	64					
Less:						
Ticket Value In Gate Receipts	65					
Other Direct Costs	66					
Net Club/Premium Seat Revenues	**O**					
P. Dasher Board Revenues - Net:						
Revenues	67					
Less: Commissions, Agency Fees & Other	68					
Net Dasher Board Revenues	**P**					
Q. Signage Revenues - Net:						
In-Ice	69					
Building Naming Rights	70					
Scoreboard	71					
Zamboni	72					
Concourse	73					
All Other	74					
Less: Commissions, Agency Fees & Other Costs	75					
Net Signage Revenues	**Q**					
R. Parking Revenues - Net:						
Gross Revenues	76					
Less: Salaries/Fees & Other Direct Costs	77					
Net Internet Revenues	**R**					
S. Other Hockey Revenues:						
NHL Enterprises Rights	78					
ICE Dividend & Prior Year Adjustments	79					
Sponsorship & Promotional Revenues	80					
Canadian Currency Assistance Rev./(Exp.)	81					
Other Revenues	82					
Total Other Hockey Revenues	**S**					
GRAND TOTAL OF REVENUES	**A To S**					

National Hockey League
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Club:

Note: Please input in yellow/shaded area only. Do not add or delete lines. Enter amounts in thousand of local dollars.	**Line #**	**Mark "X" if allocation Used**	**Club**		**Affiliated Entities**	
			Regular Season	**Playoffs**	**Regular Season**	**Playoffs**
<u>SCHEDULE III - PLAYER COSTS</u>						
A. Major League Player Costs:						
Base Salaries	1					
Signing Bonuses Expensed for Major Lge. Players	2					
Signing Bonuses Expensed for Minor Lge. Players	3					
Contract/Performance Bonuses	4					
NHL Awards (Per CBA)	5					
Left blank intentionally	6					
Deferred Compensation	7					
Buyouts	8					
Total Salary & Bonuses Paid to Players	**A**					
Player Benefits:						
Pension	9					
Worker's Compensation	10					
Medical/Dental Insurance	11					
Life & Other Insurance	12					
Player Per Diem (Excluding Pre-Season)	13					
Payroll Taxes & Other Benefits	14					
Total Player Benefits	15					
Total Major League Player Costs	**A.1**					
B. Minor League Player Costs:						
One-Way Salaries	16					
Two-Way Salaries	17					
Bonuses	18					
Total Salary & Bonuses Paid to Players	19					
Player Benefits						
Worker's Comp./Med./Dent. & Other Ins.	20					
Payroll Taxes & Other Benefits	21					
Total Player Benefits	22					
Minor League (Recoveries)/Payments	23					
Total Minor League Player Costs - Net	**B**					
C. Other Player Costs:						
Payments To Federations/Acquisition Costs	24					
NHLPA Payments - Games 83 & 84	25					
Player Movement Costs	26					
Player Medical & Other Costs	27					
Total Other Player Costs	**C**					
TOTAL PLAYER COSTS	**A To C**					

National Hockey League
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Club:

Note: Please input in yellow/shaded area only. Do not add or delete lines. Enter amounts in thousand of local dollars.	**Line #**	**Mark "X" if allocation Used**	**Club** **Regular Season**	 **Playoffs**	**Affiliated Entities** **Regular Season**	 **Playoffs**
SCHEDULE IV - TEAM OPERATING COSTS						
Major League						
A. NHL General Manager & Coaches Costs:						
Salaries	1					
Payroll Taxes & Other Benefits	2					
Total GM's & Coaches Costs	**A**					
B. Trainers Costs:						
Salaries	3					
Payroll Taxes & Other Benefits	4					
Total Trainers Costs	**B**					
C. Other Team Costs:						
Team Travel & Lodging (Charter $______:Hrs_____)	5					
Sticks	6					
Protective Equip., Uniforms, & Other Supplies	7					
Practice Facilities	8					
Moving Costs (Non-Players)	9					
Team Medical Costs	10					
Insurance (Team Is Beneficiary)	11					
Other Costs	12					
Total Other Team Costs	**C**					
D. NHL Assessments:						
League Operating Assessment - Grossed Up	13					
Less: NHL Awards Paid By NHL	14					
Prior Year Adjustments	15					
Total NHL Assessments	**D**					
TOTAL TEAM OPERATING COSTS	**A To D**					

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Club:

Note: Please input in yellow/shaded area only. Do not add or delete lines. Enter amounts in thousand of local dollars.	Line #	Mark "X" if allocation Used	Club Regular Season	Club Playoffs	Affiliated Entities Regular Season	Affiliated Entities Playoffs
SCHEDULE V - TEAM DEVELOPMENT						
Minor League						
A. General Manager & Coaches Costs:						
Salaries & Benefits	1					
Travel, Lodging & Other	2					
Total Minor League GM's & Coaches Costs	**A**					
B. Trainers Costs:						
Salaries & Benefits	3					
Other	4					
Total Trainers Costs	**B**					
C. Other Minor League Team Costs:						
Team Travel & Lodging	5					
Sticks, Uniforms & Equipment	6					
Other	7					
Total Other Minor League Team Costs	**C**					
D. NHL Minor League Assessments:						
Line left blank intentionally	8					
Amateur League Assessments	9					
Other Assessments	10					
Total NHL Minor League Assessments	**D**					
Total Minor League Costs	**A To D**					
Other Development Costs						
E. Scouting Costs:						
Salaries & Benefits	11					
Travel, Lodging & Other	12					
Total Scouting Costs	**E**					
F. Training Camp Expenses:						
Player Travel	13					
Player Lodging	14					
Players' Per Diem & Training Allowance	15					
Other Staff Travel Costs	16					
Practice & Training Facilities Costs	17					
Other Training Camp Costs	18					
Total Training Camp Expenses	**F**					
TOTAL DEVELOPMENT TEAM COSTS	**A To F**					

National Hockey League
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Club:

Note: Please input in yellow/shaded area only. Do not add or delete lines. Enter amounts in thousand of local dollars.	Line #	Mark "X" if allocation Used	Club Regular Season	Club Playoffs	Affiliated Entities Regular Season	Affiliated Entities Playoffs
SCHEDULE VI - ARENA & BUILDING						
A. Arena & Building Operations Costs:						
Arena Rent	1					
Security	2					
Repairs & Maintenance	3					
Ambulance & First Aid Costs	4					
Minor Officials (Off-Ice Officials)	5					
Arena Personnel (Salaries & Benefits)	6					
Line left blank intentionally	7					
Property & Liability Insurance	8					
Property Taxes	9					
Other Costs	10					
Total Arena Operations Costs	**A**					
B. Ticket Office Costs (Box Office):						
Salaries & Benefits	11					
Ticket Printing	12					
Credit Card Fees	13					
Other	14					
Total Ticket Office Costs	**B**					
TOTAL ARENA & BUILDING COSTS	**A To B**					

National Hockey League
Unified Report of Operations
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Club:

Note: Please input in yellow/shaded area only. Do not add or delete lines. Enter amounts in thousand of local dollars.	Line #	Mark "X" if allocation Used	Club Regular Season	Club Playoffs	Affiliated Entities Regular Season	Affiliated Entities Playoffs
SCHEDULE VII - G & A						
A. Staffing:						
Salaries & Benefits	1					
Travel, Lodging & Entertainment	2					
Management Fee	3					
Other	4					
Total Staffing Costs	**A**					
B. Office Costs & Other Administrative Costs:						
Office Rent & Facility Costs	5					
Property, General & Other Insurance	6					
Telephone, Fax, & Communications	7					
Postage & Couriers	8					
Supplies & Other	9					
Professional Fees	10					
Other Costs	11					
Total Office & Other Administrative Costs	**B**					
TOTAL G & A COSTS	**A To B**					

National Hockey League
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Club:

Note: Please input in yellow/shaded area only. Do not add or delete lines. Enter amounts in thousand of local dollars.	Line #	Mark "X" if allocation Used	Club Regular Season	Club Playoffs	Affiliated Entities Regular Season	Affiliated Entities Playoffs
SCHEDULE VIII - ADV., MKT., PR., & OTHER						
A. Marketing:						
Salaries & Benefits	1					
Ticket Trade Out Cost	2					
Travel, Lodging, Entertainment & Other	3					
Total Marketing	**A**					
B. Advertising:						
Salaries & Benefits	4					
Travel, Lodging & Entertainment	5					
Commissions	6					
Sales Materials	7					
Media Advertising Costs	8					
Other	9					
Total Advertising	**B**					
C. Ticket Sales:						
Salaries & Benefits	10					
Travel & Entertainment	11					
Commissions	12					
Sales Materials & Supplies	13					
Ticket Trade Out Cost	14					
Credit Card Fees	15					
Line left blank intentionally	16					
Other	17					
Total Ticket Sales Expense	**C**					
D. Public Relations:						
Salaries & Benefits	18					
Travel & Entertainment	19					
Media Guide	20					
Other	21					
Total Public Relations	**D**					
E. Other (Community Relations, Special Projects, Mascot, Merchandise Marketing, etc.):						
Salaries & Benefits	22					
Travel & Entertainment	23					
Donations	24					
Other	25					
Total Other	**E**					
TOTAL ADVERTISING, MARKETING, PUBLIC RELATIONS & TICKET SALES EXPENSES	**A To E**					

National Hockey League
Unified Report of Operations
2002-03 Final Results
(Thousands of Dollars)

Club:

Note: Please input in yellow/shaded area only. Do not add or delete lines. Enter amounts in thousand of local dollars.	**Line #**	**Club**	**Affiliated Entity**	**Total**
SCHEDULE IX - BALANCE SHEET				
A. Assets				
Current Assets - Total	1			
Non-Current Assets:				
Hockey Operations	2			
Non-Hockey Operations	3			
Deferred Compensation Funding	4			
Loans To Affiliated Entities	5			
Loans To Owner(s) And/Or Family Members	6			
Total Non-Current Assets	7			
TOTAL ASSETS	**A**			
B. Liabilities				
Current Liabilities				
Hockey Operations Related:				
Deferred Revenues	8			
Deferred Compensation	9			
Arena Related Debt	10			
Operating Debt	11			
Other	12			
Non-Hockey Related Debt	13			
Total Current Liabilities	14			
Non-Current Liabilities				
Hockey Operations Related:	15			
Deferred Revenues	16			
Deferred Compensation - Players	17			
Deferred Compensation - Other	18			
Arena Related Debt	19			
Operating Debt	20			
Loans From Affiliated Entities	21			
Loans From Owner(s) And/Or Family Members	22			
Other	23			
Total Non-Current Liabilities	24			
TOTAL LIABILITIES	**B**			
TOTAL SHAREHOLDER'S (OWNER'S) EQUITY	**C**			
TOTAL LIABILITIES & OWNER' EQUITY	**B To C**			

National Hockey League
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Club:

Note: Please input in yellow/shaded area only. Do not add or delete lines. Enter amounts in thousand of local dollars.	Line #	Club
SCHEDULE X - CASH FLOW FROM OPERATIONS		
A. Net Income/(Loss) Before Taxes (From Page 4, Section I)	**A**	
B. Non Cash (Revenues)/Expenses:		
Depreciation & Amortization	1	
Deferred Compensation - Expense	2	
Deferred signing bonuses	3	
Deferred Revenues Received In Prior Years	4	
Other	5	
Subtotal	**B**	
C. Source Of Funds:		
Borrowings	6	
Capital Infusion	7	
Deferred Revenues To Be Recognized In Future Years	8	
Other	9	
Subtotal	**C**	
D. Use Of Funds (Enter As Negatives):		
Loan Repayments	10	
NHL CBA Fund	11	
Capital Expenditures	12	
Deferred Compensation - Payments	13	
Deferred signing bonuses - Payments	14	
Other	15	
Subtotal	**D**	
E. Increase/(Decrease) In Cash & Cash Equivalents	**A To D**	
F. Cash & Cash Equivalents At Beginning Of Year	**F**	
CASH & CASH EQUIVALENTS AT END OF YEAR	**E+F**	
G. Outstanding Secured Debt		
Balance At The Beginning Of The Year	16	
Borrowings	17	
Loan Repayments	18	
TOTAL OUTSTANDING SECURED DEBT	**G**	

National Hockey League
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Club:

Note: Please input in yellow/shaded area only. Do not add or delete lines. Enter amounts in thousand of local dollars.	Line #	Club
SCHEDULE XI - TEAM DEBT		
A. Maximum Secured Debt Available (Including Letters Of Credit)	**A**	
B. Outstanding Secured Debt		
Borrowed Secured Debt (From Schedule X, Section G)	1	
Letters Of Credit	2	
Other	3	
Total Outstanding Secured Debt	**B**	
Excess Secured Debt Available	4	
% OF SECURED DEBT OUTSTANDING	**B/A**	
C. Outstanding Unfunded Deferred Compensation		
Players	5	
Other	6	
TOTAL OUTSTANDING UNFUNDED DEFERRED COMPENSATION	**C**	
D. Outstanding Debt		
Secured Debt Relating To Building (Sum Of Lines 7 & 8 Should	7	
Other Secured Debt Tie To Section B Above)	8	
Deferred Compensation (From Section C)	9	
Unsecured	10	
Other	11	
Total Outstanding Debt	**D**	
E. Total Team Equity/Partnership Capital	**E**	
DEBT AS A % OF TEAM EQUITY	**D/E**	

National Hockey League
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Club:

Note: Please input in yellow/shaded area only. Do not add or delete lines. Enter amounts in thousand of local dollars.	Amount	Included On URO Schedule	Included On URO Amount
SCHEDULE XII - RELATED PARTY / AFFILIATED ENTITY TRANSACTIONS			
A. Payments Made By Club To Owner(s) & Family Members, Including Salaries & Benefits, management fees and expense reimbursements: (Do not specify names)			
1.			
2.			
3.			
4.			
Subtotal A			
B. Payments Received By Club From Owner(s) & Family Members: (Do NOT Specify Names)			
1.			
2.			
3.			
4.			
Subtotal B			
C. Payments or Charges Over $25 thousand Made By The Club To Affiliated Entities: (Specify Entity Name)			
1.			
2.			
3.			
4.			
Subtotal C			
D. Payments Or Charges Over $25 thousand Received By The Club From Affiliated Entities: (Specify Entity Name)			
1.			
2.			
3.			
4.			
Subtotal D			
NET RELATED PARTY TRANSACTIONS A-B+C-D			

National Hockey League
Unified Report of Operations - Allocations
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(Thousands of Dollars)

SCHEDULE XIII - ALLOCATIONS

URO Schedule	Section	Line	Amount Reported in URO Club	Affiliated	Total Revenues/ Expenses Allocable	Allocation basis

Appendix B

National Hockey League
Unified Report of Operations
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SCHEDULE XIV - BUILDING STATISTICS

	Number of Events	TOTAL PAID ADMISSIONS (,000)	TOTAL GATE RECEIPTS ($,000)
NHL Preseason			
NHL Regular season			
NHL Playoffs			
NBA Preseason			
NBA Regular season			
NBA Playoffs			
Other sporting events			
Major concerts/shows			
Minor events[1]			
	-	-	-

[1] E.g., use of conference room or a charity dinner on the arena floor.

National Hockey League
Unified Report of Operations
Supplemental Information To Schedule III - 2002-03
(Thousands of Dollars)

Club:

Major League Player Costs	Base Salary	Signing Bonus	Games Played Bonus	Performance Bonuses	NHL Awards	Deferred Compensation	Buyout
A. Players With NHL Contracts Who Spent The Entire Season In The Major League:							
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
13.							
14.							
15.							
16.							
17.							
18.							
19.							
20.							
21.							
22.							
23.							
24.							
25.							
Subtotal A							

Appendix B

National Hockey League
Unified Report of Operations
Supplemental Information To Schedule III - 2002-03
(Thousands of Dollars)

Club:

Major League Player Costs	Base Salary	Signing Bonus	Games Played Bonus	Performance Bonuses	NHL Awards	Deferred Compensation	Buyout
B. Players With NHL Contracts Who Spent Part Of The Season In The Minor League: (Portion Charged To Major League Only)							
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
13.							
14.							
15.							
Subtotal B							
C. Players Released Or Bought Out During The Year:							
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
Subtotal C							

Appendix B

National Hockey League
Unified Report of Operations
Supplemental Information To Schedule III - 2002-03
(Thousands of Dollars)

Club:

Major League Player Costs	Base Salary	Signing Bonus	Games Played Bonus	Performance Bonuses	NHL Awards	Deferred Compensation	Buyout
D. Players Who Played For The Club In The Prior Season For Whom The Club Incurred Compensation Costs In The 2002-03 Season:							
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
Subtotal D							
E. Other: (Please Specify)							
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
Subtotal E							
Grand Total A To E							
The Above Grand Total Must Reconcile To The Following Line Of Schedule III Of The URO	**Line 1**	**Line 2**	**Line 4**	**Line 4**	**Line 5**	**Line 7**	**Line 8**

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

URO INSTRUCTIONS

GENERAL

Amounts relating to the regular season should be reported in the "Regular Season" column and amounts relating to the playoffs should be reported in the "Playoffs" column. If amounts relate to the entire season (i.e., regardless if your Team participates in the playoffs), then report the full amount in the "Regular Season" column.

To the extent that hockey related revenues and expenses are recorded in an Affiliated Entity (as defined), these amounts should be reported in the "Affiliated Entities" column on the same basis as noted above.

Amounts reported must cover a 12-month period that includes the 2002-03 regular and playoff seasons.

Canadian Clubs should report all amounts in thousands of CAD dollars and US Clubs in thousands of US dollars.

To the extent that amounts reported in the URO should agree to amounts reported in League Reports (such as the Gate Receipts Report) but do not, all amounts should be reconciled and footnoted. Appendices outlining amounts reported by each Club to the League during the season have been included. Please keep in mind that, in some cases, variances may result due to the fact that financial statement presentation differs from the presentation used in League Reports. Although no adjustments are required, explanations for variances over $50,000 are required. An example would be the "Gate Receipts Report" in which "Trades" are excluded and included for financial statement and URO purposes. Another example would be where amounts accrued by your Club for year-end purposes differ from amounts reported by the League. Differences related to accruals should reverse from one year to the next and, therefore, no adjustments are required as long as Generally Accepted Accounting Principles are followed.

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

SCHEDULE I - SUMMARY

Please complete Schedules II through VIII before completing Schedule I.

A. Revenues

Report totals from Schedule II.

B. Player Costs

Report totals from Schedule III.

C. Other Operating Costs

Report totals from Schedule IV through VIII.

D. Total Operating Costs

Sum of sections B and C.

E. Net Regular Season Operating Profit /(Loss)

Sum of section A less section D.

F. Net Playoffs Profit/(Loss)

Transfer net playoffs from the "Playoffs" column.

G. Net Operating Profit (Loss) before Non-Operating Items

Sum of sections E and F.

H. Non Operating Items

Interest Income (Expense) - line 14 – 14(a)

Report all interest income/(expense) relating to your Club's debt and investment income (interest, dividends and investment gains/(losses). To the extent that interest income/(expense) relating to hockey operations has been incurred or reported in an Affiliated Entity, report this amount in the "Affiliated Entities" column.

Interest relating to deferred compensation or deferred signing bonuses should be reported separately on line 14(a).

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

SCHEDULE I - SUMMARY - Continued

Depreciation/Amortization - line 15-17

Report on line 15 amortization relating to expansion costs or franchise fees, as well as amortization expense relating to the acquisition of original franchise players. Report on Line 16 all depreciation relating to the construction of or capital improvements to your arena/building. Report all other depreciation/amortization on line 17.

Income from Franchise/Expansion Fees - line 18

Report expansion income recognized during the year.

Contingencies - line 19

Report contingency reserves provided for during the year (e.g., litigation reserves). Provide details for reserves over $50,000.

Government Subsidies

Please note the following change: Government payments/grants are no longer to be reported as a non-operating item. Starting with the 2002-03 season, any government payments/grants that are cash reimbursements of operating costs must be reported as an offset to the particular cost and reported as such in the appropriate costs line in the URO. For example, if government grants are contingent on building operating cost spending, then they should be reported as a reduction of building costs. Any grants contingent on capital spending must be reported as a reduction to capital spending and any related amortization or depreciation must be reported on Schedule I, section H. All other grants not contingent on spending must be reported as Other Hockey Revenues in Schedule II, line 82.

On a separate page provide a brief summary of the condition(s) and term(s) regarding these payment(s) (e.g., one time subsidy).

Other

Report all other non-operating items or non-NHL hockey items (e.g., gains or losses from minor league operations or operations from practice/rink facilities). This line should not be used for reporting operating items such as severance charges. All operating items not specifically otherwise directed should be charged/reported to the appropriate operating expense/revenue line.

I. Net Income / (Loss) before Taxes

Sum of sections G and H.

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

SCHEDULE II – REVENUES

General: All costs charged to (or netted against) revenue must be reasonable and customary costs directly relating to the type of revenues being reported, except for depreciation and leasehold amortization expenses, which must be reported on Schedule I, section H.

A. Net Gate Receipts

Include gross regular season and gross playoff ticket sales, and net out admission, GST and other Provincial and State or local taxes on line 8. For the regular season, the net amount should be reconciled to the amount reported in the League's Gate Receipt Report (see Appendix A). The net playoff gate receipts should be reconciled to the amount reported in the League's Playoff Report (see Appendix B). Variances over $50,000 should be explained in the margin. The ticket value of luxury suite seats and club seats should be reported on line 4 and 5, respectively. The remainder of the luxury box rental and club seat premiums must be reported in section N and O, respectively. Pre-season gate receipts must be reported in section B. Gate receipts from special games must be reported in section C.

B. Pre-Season Games - Net

Include revenues derived from gate receipts, net of taxes, related to pre-season games (line 9) and payments received or paid from other Teams participating in pre-season games (line 10). Any novelty and concessions sales related to pre-season games should be reported in sections K and M, respectively. Net revenues from skyboxes, dasherboards, signage and parking should be reported in sections N through R. Direct costs relating to pre-season games that are reasonable and customary thereto must be reported on lines 11 to 13. Pre-Season officiating costs billed by the NHL should be reported on line 13. Training camp costs should be reported in Section F of Schedule V. All amounts should be reported in the regular season column.

C. Special Game Revenues - Net

Include all revenues and expenses relating to special games such as World Cup/International games, games played against the Olympic Teams, the All Star Game, etc. Proceeds (costs) paid by (to) the NHL with respect to NHL/NHLPA Joint Venture or games should be reported on line 15. Pre-season games should be reported in section B. Direct costs relating to special games that are reasonable and customary thereto must be reported on lines 16 to 17.

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

SCHEDULE II - REVENUES - Continued

D. NHL T.V. Revenues - Net

Include all revenues derived from NHL contracts (CBC/TSN agreements, ABC/ESPN, Outer Market Fees and other NHL TV revenues, etc.) net of NHL direct broadcasting charges. The amount reported on line 18 should include fiscal year end distribution accruals and should be reconciled to the net amount disclosed in Appendix A. Variances, if any, should be explained in the margin. On line 19, report the CRT revenues reported in Appendix A. All amounts should be reported in the regular season column.

E. Local Broadcasting Revenues - Net

Include all local broadcasting revenues, and net out reasonable and customary direct costs related thereto, (e.g., talent, production, travel, out-of-market fees paid (net of direct reimbursements from third parties) including any local pre-season broadcasting revenues, other than NHL T.V. revenues (Section D). Revenues and expenses directly relating to playoffs should be reported in the playoff column. If revenues are earned regardless of whether your Team participates in the playoffs, then report the full amount in the regular season column. For Canadian Clubs, any amount of "invasion" fees paid to your Club by the League from the national rights must be included herein.

F. Local Cable T.V. Revenues - Net

Revenues and direct costs related to local Cable T.V. must be accounted for in the same manner as noted in section E.

G. Local Radio Revenues - Net

Revenues and direct costs related to Local Radio must be accounted for in the same manner as noted in section E.

H. Local Pay Per View and Satellite Revenues - Net

Revenues and direct costs related to local Pay Per View and Satellite must be accounted for in the same manner as noted in section E.

I. Internet Revenues - Net

Report revenues and reasonable and customary direct costs related to the development and production of your Club's website.

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

SCHEDULE II - REVENUES - Continued

J. Publication - Program Revenues - Net

Include revenues derived from advertising in publications and sale of publications (ex. programs, calendars, fact books), and all direct costs reasonable and customary directly related to publications.

K. Arena Novelty Revenues - Net

Include revenues and reasonable and customary direct costs relating thereto derived from game day sales.

L. Non-Arena Novelty Revenues - Net

Include novelty revenues and reasonable and customary direct costs relating thereto other than arena novelty sales (Section K).

M. Concession Revenues - Net

Include all concession revenues and reasonable and customary direct costs relating thereto derived from game day sales. Direct expenses, however, should exclude any depreciation and/or leasehold amortization expenses that should be reported on Schedule I, section H.

N. Luxury Box (Suites) Revenues - Net

Include the gross portion of the luxury box (including hospitality/game day suite) revenues earned by your Club. The ticket value of luxury box seats that is included on line 60 should be deducted on line 61. The amount deducted should be the same as the amount reported on line 4 (Section A). Report on line 63 all reasonable and customary direct costs relating to luxury suite operations for which revenues on line 60 were derived, except for any depreciation and/or leasehold amortization expense, which are to be reported on Schedule I, section H.

O. Club/Premium Seat Revenues - Net

Include the gross portion of the club/premium seat revenues earned by your Club. The ticket value of club/premium seats included on line 64 should be deducted on line 65. The amount deducted should be the same as the one reported on line 5 (Section A). If the full value of club seats is included in Gate Receipts (Schedule II, section A) and no extra premium is charged, please note "no premium" on line 64. Report on line 66 all reasonable and customary direct costs relating to club seat operations for which revenues on line 64 were derived, except for any depreciation and/or leasehold amortization expense, which should be reported on Schedule I, section H.

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

SCHEDULE II - REVENUES - Continued

P. Dasherboard Revenues - Net

Include your Club's gross share of dasherboard advertising revenues less commissions, agency fees and other reasonable and customary direct costs relating thereto.

Q. Signage Revenues - Net

Include your Club's gross share of all signage-advertising revenues less commission, agency fees and other reasonable and customary direct costs relating thereto. Any contracts for fixed signage in excess of five years and $2.5 million value over the life of the contract must be recognized on a straight line basis over the term of the contract.

R. Parking Revenue - Net

Include your Team's gross share of parking revenues and net out reasonable and customary direct costs relating thereto.

S. Other Hockey Revenues

NHL Enterprises Royalties - line 78

Report your Club's share of NHL Enterprises' rights fees used as funding credits against League dues. The amount should agree to the amount reported in Appendix A.

Prior Year Adjustments - line 79

Report any prior year timing differences relating to your Club's share of the NHL Enterprises Royalties.

Sponsorship and Promotional Revenues - line 80

Report all revenues from sponsorship and promotions not reported in other sections of Schedule II.

Currency Assistance Program (Assessment) Subsidy - line 81

Report your Club's share of the 2002-03 Currency Assistance Programs (Phase I and Phase II). Report the amount assessed as a negative and subsidy received as a positive.

If your Club received a subsidy under the program (either phase I or phase II), report this amount as revenue here less the assessment noted above.

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

SCHEDULE II - REVENUES - Continued

Government Subsidy / Other Revenues – line 82

Report all government payments/grants that are not contingent on operating or capital spending. Government payments/grants that are in substance reimbursements of operating costs must be reported as an offset to the particular cost item and reported as such in the appropriate costs line in the URO. For example, if government grants are contingent on building operating cost spending, then they should be reported as a reduction of building costs. Any grants contingent on capital spending must be reported as a reduction to capital spending and any related amortization or depreciation expense must be reported on Schedule I, section H. All other grants not contingent on spending must be reported here as Other Hockey Revenues.

Report all other miscellaneous revenues, net of reasonable and customary direct costs related to these revenues. It must not include items such as interest income, revenues from sale of players or expansion income, for which these amounts must be reported in section H of Schedule I. Provide details for all categories that exceed $50,000.

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

SCHEDULE III - PLAYER COSTS

It is important that this section **exclude non-player related costs** (e.g., bonuses paid to coaches & trainers, locker room personnel, etc.)

A. Major League Player Costs

Accounting Principles -

For financial statement purposes and/or taxation purposes, each Club may recognize certain player compensation (such as signing bonuses, deferred compensation, etc.) using different accounting principles. For example, one Team may recognize a player's signing bonus on a cash basis, whereas another Team may recognize this over the term of the player contract. For purposes of the URO the following Accounting Principles **must** be used unless reporting it differently would not result in a material difference.

Base Salary - line 1

Report the base amount paid to the player in the year.

Signing Bonuses - lines 2 & 3

Signing bonuses must be capitalized and amortized over the term of the contract, excluding the option year. If a player is traded, then the unamortized amount of the signing bonus must be expensed in the year the player is traded or assigned to the new players being picked up in the trade so long as equal asset value is received and the amortization term is not extended. Signing bonuses paid to rookies and paid for by the NHL Club should be reported here under the same principle noted above.

If a signing bonus is deferred, then the present value of the total signing bonus (discounted at your Club’s incremental borrowing rate) and amortized over the fixed term of the contract must be reported here. The related interest component must be reported on Schedule I, Section H, line 14(a).

Contract/Performance Bonuses - line 4

Both Team and individual performance bonuses must be recognized in the season the bonus is earned.

NHL Awards - line 5

Report player NHL Awards/Pool paid by the League as collectively agreed with the NHLPA in the "Playoffs" column. Report the same amount as a credit on line 14 of Schedule IV in the "Playoffs" column. This amount should agree to the figures reported in Appendix B.

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

SCHEDULE III - PLAYER COSTS - Continued

Deferred Compensation - line 7

Report the present value of the deferred compensation earned in the current season (discounted at your Club's incremental borrowing rate). The related interest component must be reported on Schedule I, Section H, line 14(a).

Buyouts - line 8

Include the total amounts payable per the CBA including the present value of amounts payable in future years. If your Club does not discount for P/L reporting purposes, please follow the instructions set out above. Buyouts are generally expensed in full once the management decision has been made.

Supplementary Information to Schedule III -

For amounts reported on lines 1 through 8 of Schedule III, please provide detailed player information on the schedules entitled "Supplementary Information to Schedule III" (pages 24 to 26).

Players' Pension - line 9

Report player pension costs for the current season as provided by the National Hockey League Pension Society (NHLPS). Please note that pension costs invoiced by the NHLPS may include non-player pension costs. Pension costs relating to non-players, such as scouts, must be reported in their respective sections. Also note that amounts invoiced by the NHLPS that are in Canadian dollars should be expressed by US Clubs at the US equivalent dollars. Federal and state/provincial social security (UIC and Canadian government pension plan benefits) must be reported on line 14, "Payroll Taxes and Other Benefits".

Worker's Compensation - line 10

Report players' worker's compensation premium costs.

Player Insurance Costs - lines 11-12

Report only insurance costs/premiums for which the player, and not the Team, is the beneficiary (e.g., player permanent total disability premiums (PTD). Insurance costs, relating to players, for which the Team is the beneficiary should be reported on line 11 of Schedule IV (e.g., temporary total disability player premiums). TTD insurance recoveries must be reported on Schedule III, line 27 (i.e., as a reduction of Other Player Costs).

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

SCHEDULE III - PLAYER COSTS - Continued

Player per diem - line 13

Report player per diems paid relating to the regular season and playoff season. Pre-season related per diems must be reported in Section B of Schedule II. Per diems relating to training camp must be reported in Section F of Schedule V.

Payroll Taxes and Other Benefits - line 14

Include all other payments made to players or on their behalf (e.g., auto expenses).

B. Minor League Player Costs

Accounting Principles -

The same accounting principles noted in section "A" above should be used for section "B".

Players Playing On One-Way Contracts

Salaries must be reported in section A. Teams should pro-rate a maximum of $75,000 per player to section B based on days assigned to the minor league Team.

Players Playing On Two-Way Contracts

Salaries and benefits must be allocated on a pro rata based on days in the Major League divided by total days in the season. The Major League portion must be reported in section A and the balance in section B.

All signing bonuses paid to minor league players must be reported in section A using the same accounting principles noted above.

Minor Leagues (Recoveries) Payments - line 23

Report all payments made to minor league Teams to subsidize minor league players salaries, benefits and other player related costs. Include all minor league recoveries from the minor league Team accruing to your Club. Profit / losses from minor league operations, except for items reported on the URO schedules III and IV, must be excluded from the URO or reported on Schedule I, section H, line 21 (as a net amount).

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

SCHEDULE III - PLAYER COSTS - Continued

C. Other Player Costs

Payments to Federations and Player Acquisition Costs - line 24

Report the current year amortization of costs capitalized to obtain players, other than for the acquisition of original franchise players or signing bonuses. Amortization of original franchise acquisition player costs must be reported in section "H" of Schedule I. Amortization of signing bonuses should be reported on line 2 of schedule III.

IIHF assessments (for 2002-03 = US$320,000 per Team) should be reported here.

NHLPA Payments for Games 83 & 84 - line 25

Report the $207,000 (Canadian Clubs $201,000 local currency) assessed by the League on behalf of the NHLPA for games 83 & 84 per CBA and jersey litigation settlement.

Player Movement Costs - line 26

Report all player relocation costs. This must not include costs relating to players traveling to and from games, which must be reported on line 5 of Schedule IV.

Players' Medical Costs / TTD Insurance Cost Recoveries - line 27

Report medical costs paid on the player's behalf, such as player surgery, etc. Do not include cost of Team physician, medical supplies or other medical costs that should be reported on line 10 of Schedule IV. Report any TTD insurance recoveries received during the year.

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

SCHEDULE IV - TEAM OPERATING COSTS

*For Sections A through D, report amounts relating to your Club's **Major League Operations**. Costs relating to the Minor League Team operations must be reported in Schedule V.*

A. NHL General Managers & Coaches Costs

Include both current earnings and the present value of deferred earnings and bonuses. Use the same accounting guidelines for recognizing earnings as detailed in section "A" of Schedule III of the reporting instructions. If your Club's General Manager also serves in an administrative capacity, such as Team president, include the portion of his salary and benefits related to his GM function on line 1 of this section and the balance on line 1 of Schedule VII.

B. Trainers Costs

Include both current earnings and the present value of deferred earnings and bonuses. Use the same accounting guidelines for recognizing earnings as detailed in section "A" of schedule III of the reporting instructions.

C. Other Team Costs

Travel & Lodging - line 5

Include all Team travel and lodging relating to players, GM, coaches and trainers. Players' per diems should be included on line 13 of Schedule III. Please provide charter costs and hours flown in parenthesis.

Sticks - line 6

Include the cost of sticks relating to your major league Team. To the extent that this amount is not reported separately in your Club's general ledger, please use your best estimate and report the amount here.

Protective Equipment, Uniforms & Other Supplies - line 7

Include pants, skates, pads, gloves, helmets and other protective equipment, as well as sweater, socks, underwear and other non-protective equipment and supplies.

Practice Facilities - line 8

Include costs for ice rental, at home and on the road, and other practice facility costs. Any practice facility cost relating to training camp must be reported in Schedule V, Section F, line 17. Rent charges from an Affiliated Entity that manages, operates or own your Club's practice facility should be at market rate. All other revenues and expenses related to practice facilities must be excluded from the URO or reported on Schedule I, section H, line 21 (on a net basis).

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

SCHEDULE IV - TEAM OPERATING COSTS - Continued

Moving Costs - line 9

Include hockey personnel (e.g., GM, coaches and trainers) relocation costs. Report player movement costs on line 26 of Schedule III.

Medical Costs - line 10

Include the Team physician, cost of doctors, hospital, annual examinations, medical supplies and other related medical costs. Medical costs paid on a player's behalf must be included on line 27 of Schedule III.

Insurance - (Team is beneficiary) - line 11

Report player, GM, coach and other hockey staff insurance costs where the Team is the beneficiary (e.g., Player temporary total disability insurance premiums (TTD)).

Other Costs -

Include all other costs not reported above relating to Team operations only.

D. NHL Assessments

League Operations - line 13

Regular Season:

Report the grossed up League operating assessment. This amount should agree to the grossed up NHL Assessments (i.e., before NHL Enterprises Rights and CRT Funding Credits) reported in Appendix A.

Playoffs:

Report the League playoff regular, additional and pool assessments. This amount should agree to amounts reported in Appendix B. The NHL playoff and regular season awards paid by the League to your Club should be deducted on line 14.

Prior Years' Adjustments and Other Special League Assessments - line 15

Report all other special League assessments, if any.

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

SCHEDULE V - TEAM DEVELOPMENT COSTS

*For Sections A through D, report amounts relating to your Club's **Minor League Operations**. Costs relating to the Major League Team operations must be reported in Schedule IV.*

Minor League Operations

A. General Managers & Coaches Costs

Include both current earnings and the present value of deferred earnings and bonuses for minor league general managers and coaches. Use the same accounting guidelines for recognizing earnings as detailed in section "A" of Schedule III of the reporting instructions.

B. Trainers Costs

Include both current earnings and the present value of deferred earnings and bonuses for minor league trainers. Use the same accounting guidelines for recognizing earnings as detailed in section "A" of schedule III of the reporting instructions.

C. Other Minor League Team Costs

Include other costs relating to your Club's minor league operations, such as minor league Team travel, equipment, etc.

D. NHL Minor League Assessment

Amateur League Assessment - line 9

Report your Club's share of the CHL and USA Hockey grants assessed and collected by the League. For the 2002-03 Season, the amounts assessed per Team by the League were CDN$180K and US$13.3K, respectively.

Payments made to other Federations, such as the IIHF, for release of players must be reported on line 24 of Schedule III.

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

SCHEDULE V - TEAM DEVELOPMENT COSTS - Continued

Other Team Development Costs

E. Scouting Costs

Include both current earnings and the present value of deferred earnings and bonuses for all scouts. Use the same accounting guidelines for recognizing earnings as detailed in section "A" of schedule III of the reporting instructions.

F. Training Camp Expenses

Players' Travel & Lodging - lines 13 and 14

Include all training camp related player costs. All costs related to GM's, coaches and trainers must be reported on line 16.

Players' Per Diem and Training Camp Allowance - line 15

Report all players per diem and allowances relating to the training camp. Non-player per diem and allowances must be reported on line 18.

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

SCHEDULE VI - ARENA AND BUILDING OPERATIONS

A. Arena and Building Operating Costs

Reporting change for 2002-03: All depreciation and amortization expenses should be reported on Schedule I, section H.

If your Club or an affiliated entity owns, manages or operates the arena in which your Club plays in, report the hockey related operating costs of the arena and building in this section.

Since non-hockey event revenues are excluded from your Club's or your Club's Affiliated Entity's revenues, an appropriate share of the arena and building operating costs must also be attributed to the non-hockey events and excluded for URO purposes. The method of cost allocation between hockey and non-hockey will vary from one to another depending on the significance of the events held in your building. In all cases, the basis of cost allocations should follow the following general principles:

(a) The basis of allocation should be based on management's best estimate of the economic reality of the transaction(s) and a reasonable approach to allocation.

(b) The basis of allocation should be consistent to the basis used to report prior years.

(c) Where appropriate, the basis should be consistent to internal and external reporting.

To the extent that cost are based on an allocation, mark an "X" in the space provided on the URO schedule and provided on Schedule XIII a description of allocation principle and details the calculation, including the total pool of expenses being allocated. Report on a separate sheet any significant/material change in allocation method(s) used to prepare the 2002-03 URO as compared to the allocation method(s) used to prepare the 2001-02 URO.

Arena Rent - line 1

If your Club pays rent to an Affiliated Entity and the rent revenue is reported as a credit under the "Affiliated Entity" column, please make sure to include an appropriate share of the building operating costs. If no rent revenue is being credited for URO reporting purposes, under the principle that the rent charged and reported in the "Club" column represents fair market value, then no building operating costs should be allocated.

Arena Personnel - line 6

Include costs relating to ushers, entertainment, statistics crew, timekeeper, scorer, announcer and other game personnel not included in the other classifications.

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

SCHEDULE VI - ARENA AND BUILDING OPERATIONS - continued

B. Ticket Office Costs

Include all costs directly related to the ticket office operations relating to hockey events. If non-hockey event costs are included, the same basis of cost allocation noted above must be used. Costs relating to the promotion of tickets must be included in Section C of Schedule VIII.

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

SCHEDULE VII - GENERAL AND ADMINISTRATION

Reporting change for 2002-03: All depreciation and amortization expenses should be reported on Schedule I, section H.

To the extent that cost are based on an allocation, mark an "X" in the space provided on the URO schedule and provided on Schedule XIII a description of allocation principle and details of calculation, including the total pool of expenses being allocated. Report on a separate sheet any significant/material change in allocation method(s) used to prepare the 2002-03 URO as compared to the allocation method(s) used to prepare the 2001-02 URO.

Include general and administration personnel and other related costs (such as the President's office, Accounting and Finance department, General Administration such as receptionist, clerical staff, etc.) Do not include costs relating to Advertising, Marketing, Public Relations and Ticket Sales. These costs should be reported on Schedule VIII. If your Team President is also General Manager, then include the portion of his salary and benefits related to his GM functions on line 1 of schedule IV and the balance on line 1 of this schedule.

SCHEDULE VIII - ADVERTISING, MARKETING, PUBLIC RELATIONS AND TICKET SALES EXPENSE

Include those employees whose main responsibilities are in any of the departments mentioned above. The costs directly related to these departments should be included here. Report on line 8 all media advertising costs.

SCHEDULE IX - BALANCE SHEET INFORMATION

Hockey Club

Report all assets and liabilities disclosed in the Club's financial statements.

Affiliated Entity

Report all assets and liabilities disclosed in Affiliated Entities' financial statements to the extent that these assets and liabilities are used in whole or in part to run the Club's operations.

SCHEDULE X – CASH FLOW INFORMATION

Report the Club's cash flow from operations.

SCHEDULE XI – TEAM DEBT INFORMATION

Report the Club's Team debt information from operations.

UNIFIED REPORT OF OPERATIONS
REPORTING INSTRUCTIONS

SCHEDULE XII - RELATED PARTY/AFFILIATED ENTITY PAYMENTS

Payment(s) To and From Owner(s) and Family Member(s)

Report the total amount of payment(s) made to or received from owner(s) and/or family member(s). Name(s) of individual(s) to whom the payments were made to or received from should not be specified. Payments include, but are not limited to, salaries, fees, management and expense reimbursements, or other items credited to revenues or charged to expenses. Please indicate the URO schedule(s) and line(s) in which the payment(s) was charged to or from.

Payment(s) and Charge(s) To and From Affiliated Entities

Report all payments and charges to and from affiliated entities. Specify the name of the affiliated entity and the URO schedule and line to which the payment(s) was charged to. Payments and charges should include, but are not limited to, salaries, fees, management fees and expense reimbursements, or other items credited to revenues or charged to expenses. Please indicate the URO schedule(s) and line(s) in which the payment(s) was charged to or from.

SCHEDULE XIII - ALLOCATIONS

For each line noted as being reported in the URO pursuant to an allocation between hockey and non-hockey operations, please provide the URO reference, amount of allocable revenues/costs, principle of allocation and detail of the allocation calculation.

Appendix C

URO REPORTING

- MAJOR HOCKEY-RELATED REVENUES (PRE-SEASON, REGULAR SEASON AND PLAYOFFS):

Net Gate Receipts (Regular Season and Playoffs)

Ticket revenues, net of admission taxes, earned from regular season and playoff games.

Pre-season Games

Ticket revenues, net of admission taxes, earned from pre-season home games and appearance fees earned from away pre-season games.

Special Game Revenue

Ticket revenues, net of admission taxes, and rights fees earned from NHL/NHLPA related international games (e.g., World Cup).

League-Generated Broadcasting Revenues

Broadcasting right fees earned from National broadcasting agreements (i.e., ABC/ESPN, CBC/TSN, and French language national rights).

Local Broadcasting Revenues

Rights fees and advertising revenues earned from broadcasting games on local over-the-air carriers.

Local Cable Revenues

Rights fees and advertising revenues earned from broadcasting games on local cable providers.

Pay-per-view

Rights fees and advertising revenues earned from broadcasting games on pay-per-view.

Internet

Rights fees, advertising revenues and sales earned from Internet site operations.

Publication/Program Revenues

Advertising revenues and sales of programs earned during NHL hockey games.

Appendix C (cont'd)

Arena Novelty Revenues

NHL merchandise sales earned from arena stores, shops and kiosks.

Non-Arena Novelty Revenues

NHL merchandise sales earned from non-arena owned stores, shops and kiosks.

Concession Revenues

Revenues earned from the sale of food and beverages in the arena during NHL hockey games.

Luxury Box (Suite) Revenues

Licensing fees earned from the annual rental and game day rental of luxury and hospitality suites during NHL events.

Club/Premium Seat Revenues (Tickets and License Fees)

Tickets and License fees earned from club seats during NHL events.

Dasherboard Revenues

Sponsorship revenues earned from the sale of dasherboard advertising.

Signage Revenues (Scoreboard and Concourse)

Sponsorship and advertising revenues earned from the sale of fixed and temporary signage in the arena that are attributed to NHL hockey.

Parking Revenues

Revenues earned from parking during NHL hockey events.

Other Hockey Revenues

Revenues earned from League and team generated consumer product licensing, sponsorship and promotional revenues.

Appendix D

URO REPORTING

MAJOR LEAGUE PLAYER COSTS

- Player Payroll
  - Base Salary
  - Signing Bonuses
  - Performance Bonuses, Reporting Bonuses, etc.
  - Present Value of Deferred Compensation
  - Contract Buyouts

- Benefits and Other Payments
  - Player Pension Benefits
  - Medical and Dental Insurance Benefits
  - Disability Insurance Benefits
  - Player per diems and Training Camp Allowances
  - Employer Payroll Taxes
  - Other Miscellaneous Costs

- CBA Monies
  - Player Finish and Other Monetary Awards (Article 28)
  - Payments for Games 83-84 (Article 16)

Appendix E

URO REPORTING

OTHER COSTS

- Other Player Costs
    - Minor league salary and benefits, net of minor league recoveries
    - Payments to Federations and player acquisition costs
    - Player movement costs
    - Player on site medical costs

- Team Operating Costs
    - General Managers, Coaches and Assistants
    - Athletic Trainers and Equipment Managers
    - Air Charter, Travel, and Lodging
    - Sticks and Equipment
    - Team Medical Staff
    - Practice Facility Costs
    - League Dues and Assessments
    - Other Miscellaneous Costs

- Team Development Costs
    - Minor League Costs (Players, Coaches, and Trainers)
    - Scouts
    - Training Camp Expenses

- Arena and Building Costs
    - Rent
    - Security
    - Property Insurance
    - Property Taxes
    - Arena Personnel

- General and Administrative Costs
    - Legal, Finance, IT, PR, and HR Support Staff
    - Professional Fees
    - Office Supplies and Office Utilities

- Selling, Marketing, and Advertising Costs
    - Support Staff
    - Commissions and Sales Materials
    - Media and Print Advertising

Appendix F

Form of Supplementary Audit Report

Board of Governors of
The National Hockey League

We have audited the accompanying balance sheets of __________Member Club (the "Member Club") as of _________, and the related statements of operations, changes in stockholders' equity (deficit) and cash flows for the year(s) then ended. These financial statements are the responsibility of the Member Club's management. Our responsibility is to express an opinion on these financial statements based on our audit(s). We conducted our audit(s) in accordance with auditing standards generally accepted in the United States [Canada - for Canadian Teams]. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit(s) provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of _______ Member Club at _________, and the results of its operations and its cash flows for the year(s) then ended in conformity with accounting principles generally accepted in the United States [Canada - for Canadian Teams].

Our audit(s) was (were) conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Unified Report of Operations Schedule I and XII for the ________ Member Club is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit(s) of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as whole.

<Date>

Appendix G

Form of Agreed Upon Procedures Report-affiliated arena

To the National Hockey League and Club

We have performed the procedures enumerated below, which were agreed to by you, solely to assist you with respect to the preparation of the National Hockey League's (the "NHL") Unified Report of Operations as of June 30, 2003 and for the year then ended. The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures that we performed and our findings are as follows:

1. We have read the instructions for the preparation of the NHL's Unified Report of Operations for the 2002-2003 season.

2. We obtained the completed Unified Report of Operations for the (team) for the 2002-2003 season.

3. We read the information provided in response to Schedule XIII of the Unified Report of Operations for the 2002-2003 season.

4. For the financial data included on Schedule XIII in the column "Total Revenues/Expenses Allocable," we agreed the amounts to the corresponding amounts in one or more audited financial statements that include the team and the affiliated entities or in schedules that reconcile to such financial statements.

5. We agreed each amount in the "Club" and "Affiliated" column to a schedule allocating the corresponding amount in the "Total Revenues/Expenses Allocable" column in accordance with the URO instructions. Further, we checked that the description in the "Allocation Basis" column is consistent with the allocation method followed.

6. We tested the mathematical accuracy of the financial data included on Schedule XIII.

7. For the statistical data included on Schedule XIV, we agreed the amounts to Ticketmaster or other third party reports.

Appendix G (cont'd)

We were not engaged to, and did not, perform an audit the objective of which would be the expression of an opinion on the specified elements, accounts or items. Accordingly, we did not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the (team), and the NHL and their representatives, and is not intended to be and should not be used by anyone other than those specified parties.

Appendix H

Form Of Agreed Upon Procedures Report- team not audited

To the National Hockey League and clubs:

We have performed the procedures enumerated below, which were agreed to by you, solely to assist you with respect to the National Hockey League's (the "NHL") Unified Report of Operations ("URO") as of June 30, 2003 and for the year then ended. The NHL and its members are responsible for their respective UROs and related records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

1. We obtained the trial balances for the team and the arena company and the URO of *(insert club name)* for the year ended June 30, 2003.

2. We agreed the account balances or grouping per the team trial balance to the related items listed in the URO of *(insert club name)*.

3. We obtained an explanation of the methodology for preparing the URO of *(insert club name)* and the internal controls established to provide accurate financial information.

4. For revenues and expenses allocated from the arena company and disclosed on Schedule XIII of the URO, we agreed the amounts on Schedule XIII to the trial balance and checked that the method of allocation was consistent with the description of the allocation method.

5. For _______ hockey games during the season, we agreed the third-party box office reports to cash receipts records. Using attendance records and the schedule of ticket prices, we annualized gate receipts revenue.

6. We selected ______ suites in the arena, and agreed the amount per the suite revenue agreements to the cash receipts records. Based on the number of suites sold, we annualized suite revenue.

7. We selected ______ concourse signs in the arena and agreed the amount per the related agreements to the cash receipts records.

8. We selected ______ dasher board signs, inquired as to who advertised in the space during the season, and agreed the amount per the related agreements to the cash receipts records.

9. We agreed the amount recorded in the URO as NHL broadcasting revenue to the NHL allocation schedule.

10. We agreed the annual revenue from local cable and radio rights per the URO to the related agreements.

11. We obtained an explanation from management of the *(insert club name)* of procedures to record concession revenue on hockey nights. For __ hockey games, we agreed amounts recorded as concession revenue to either cash receipts records or third-party reports.

12. We obtained an explanation from management of the *(insert club name)* of procedures to record novelty revenue on hockey nights. For _____ hockey games, we agreed amounts recorded as novelty revenue to either cash receipts records or third-party reports. For _______ novelty items, we calculated the margin by comparing the selling price per sales records and cost per vendor invoice. We compared these margins to the margin for novelty revenue in the URO.

13. We agreed the total on the player salary schedule in the URO to the total of player costs in the URO. For _ players, we compared the salary per the schedule to the player's contract.

14. We compared the arena operating costs for the year ended June 30, 2003 to the arena operating costs in the prior year that was audited.

15. We compared the general and administrative costs for the year ended June 30, 2003 to the general and administrative costs in the prior year that was audited.

16. We obtained a representation letter from management addressing accuracy and completeness of the URO, compliance with URO instructions, appropriateness of allocations and disclosure of related party transactions.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the URO. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the team and the NHL and their representatives, and is not intended to be and should not be used by anyone other than those specified parties.

Very truly yours,

Date

Appendix I

NHL Summary Statement of Operations
Combined League-wide URO
2002-2003 Season
(Millions of US Dollars)

	Regular Season	Playoffs	Total
Revenues[1]			
Gate Receipts	$886	$111	$997
Pre-Season & Special Games	50	-	50
Broadcasting and New Media Revenues	432	17	449
In Arena Revenues	401	14	415
Other Hockey Revenues	82	3	85
Total Revenues	1,851	145	1,996
Player Costs			
Salaries and Bonuses	1,415	14	1,429
Benefits[2]	64	1	65
Total Player Costs	1,479	15	1,494
Other Operating Costs			
Other Player Costs	28	-	28
Team Operating Costs	259	23	282
Team Development Costs	69	2	71
Arena & Building Costs	138	7	145
General & Administration	116	1	117
Adv., Mkt., PR. & Tickets	126	6	132
Total Operating Costs	736	39	775
Total Costs	2,215	54	2,269
Operating Loss (excluding depreciation, amortization, interest and taxes)	**($364)**	**$91**	**($273)**

1) Revenues are net of all reasonable and customary direct costs.

2) Includes CBA payments made to the NHLPA for games 83/84 and training camp allowances paid to players.

Appendix J

Arthur Levitt

Arthur Levitt was the 25th Chairman of the United States Securities and Exchange Commission. First appointed by President Clinton in July 1993, the President reappointed Chairman Levitt to a second five-year term in May 1998. On September 9, 1999, he became the longest serving Chairman of the Commission. He left the Commission on February 9, 2001.

Investor protection was Chairman Levitt's top priority. Throughout his tenure at the Commission, Chairman Levitt has worked to educate, empower, and protect America's investors – now more than 50 million strong. Early in his tenure, Chairman Levitt created the Office of Investor Education and Assistance and established a website (www.sec.gov), which allows the public free and easy access to corporate filings and investor education materials. In the past seven years Chairman Levitt has conducted more than forty investor town meetings throughout the country to listen to the concerns of investors and to give them tips on safe and wise participation in the securities markets.

Other hallmarks of Chairman Levitt's tenure include, improving the quality of the financial reporting process, maintaining the independence of auditors, saving investors billions of dollars by reducing spreads in the Nasdaq market, promoting the use of plain English, requiring that important information be released to all investors simultaneously, fighting Internet fraud, and cleaning up the municipal bond market.

Key policy successes include:

- strengthening the independence of auditors and the profession's self-regulatory functions;
- improving the quality of financial reporting, including strengthening the oversight role of corporate audit committees;
- leveling the information playing field through Regulation Fair Disclosure, which requires companies to release important information to all investors at the same time;
- creating a regulatory framework that embraces new technology and promotes competition through the order handling rules, which dramatically reduced the cost of buying and selling in the Nasdaq market, and Regulation ATS, which provided regulatory flexibility for electronic markets to innovate;
- reforming the municipal debt markets by eliminating pay-to-play and improving price transparency;
- requiring the use of plain English in mutual fund investment literature, public company communications with investors, and SEC communications with the public;
- sanctioning the Nasdaq market for price manipulation and mandated improved self governance;
- preserving the independence of the private sector standard setting process;
- commencing vigorous Internet fraud detection and prosecution;
- working closely with the criminal authorities to prosecute securities fraud; and
- improving broker sales and pay practices.

Before joining the Commission, Mr. Levitt owned *Roll Call*, a newspaper that covers Capitol Hill. From 1989 to 1993, he served as the Chairman of the New York City Economic Development Corporation, and from 1978 to 1989 he was the Chairman of the American Stock Exchange. Prior to joining the Amex, Mr. Levitt worked for 16 years on Wall Street He is presently Senior Advisor to The Carlyle Group and on the boards of Neuberger Berman and Bloomberg as well as a member of the American Academy of Arts & Sciences. He graduated Phi Beta Kappa from Williams College in 1952 before serving for two years in the Air Force.

Levitt's bestselling book, *TAKE ON THE STREET: What Wall Street and Corporate America Don't Want You to Know/What You Can Do to Fight Back* was published by Pantheon Books in October, 2002. -

Appendix K

Lynn E. Turner

Mr. Turner has the unique perspective of having been the Chief Accountant of the Securities and Exchange Commission, a professor of accounting, a corporate board member, a partner in one of the major international accounting firms, and a chief financial officer and executive in industry.

Mr. Turner served as the Chief Accountant of the Securities and Exchange Commission (SEC) from his appointment by the SEC Chairman in July 1998 to August 2001. As Chief Accountant, Mr. Turner was the principal advisor to the SEC Chairman and Commission on financial reporting and disclosure by public companies in the U.S. capital markets as well as the related corporate governance matters. These issues included the oversight and development of U.S. accounting, disclosure and auditing standards, the development and coordination of international accounting standards, as well as matters affecting audit committees of public companies. In this capacity Mr. Turner worked regularly with Congress, various federal and state government agencies, international regulators, representatives of industry, and the accounting profession.

Lynn Turner joined the faculty of Colorado State University in August 2001 where he is the Director of The Center for Quality Financial Reporting in the College of Business.

From June of 1996 to June of 1998, Mr. Turner was the Chief Financial Officer and Vice President of Symbios, Inc an international semiconductor and storage manufacturer. Mr. Turner was responsible for the company's financial and management reporting, risk management and budgeting processes. He also worked closely with the Chief Executive Officer and the Board of Directors in the development and implementation of the company's business strategy.

Before joining Symbios, Mr. Turner was a partner with Coopers & Lybrand, (now PricewaterhouseCoopers). Mr. Turner served as one of the firm's national SEC review partners. He was the National Practice Leader responsible for the national C&L High Technology Audit Practice. Mr. Turner joined C&L in July 1976 and remained with the firm until 1996 with the exception of a two-year appointment to a Fellowship with the SEC from 1989 to 1991.

Mr. Turner has served as an expert witness for and testified before Congress on several occasions. He has appeared on National Public Radio and all the major television networks including NBC, ABC, CBS, CNN, CNBC, CNNfn, Bloomberg TV and MSNBC. Mr. Turner has also served as one of six members of the Panel of Experts for the International Monetary Fund (IMF). This panel of international experts was responsible for making recommendations to the IMF with respect to improving controls over its international lending practices.

Mr. Turner is a member of the Board of Directors of Sun Microsystems. He serves as a senior advisor to Kroll Zolfo Copper and director of research at GlassLewis LLC. Kroll Zolfo Cooper specializes in Corporate Advisory and Restructuring and Forensic and Litigation Consulting and GlassLewis is an independent research firm providing investors proxy, corporate governance and financial research

Mr. Turner has received honorary doctorates in Business Administration from Central Michigan University and Grand Valley State University. He has also twice been a recipient of the SEC Chairman's Award for Excellence. He has been the Colorado State University College of Business Alumni of the Year, and has received from Beta Alpha Psi, the National Accounting Honorary Society, the national award for Business Information (Accountant) Professional of the Year.

Mr. Turner is a member of the Colorado Society of Certified Public Accountants (CSCPA), the American Institute of Certified Public Accountants, and the Financial Executives Institute. Mr. Turner holds an MA in Accounting from the University of Nebraska and a BA in Business Administration, with a concentration in Accounting, from Colorado State University.