

**Nets Sports and Entertainment
Returns Analysis
October 10, 2006**

Private and Confidential

\$ in thousands	Projected									
	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13
Equity Investment	(\$212,900)	(\$382)	(\$8,050)	(\$74,700)	(\$36,350)	(12,000)	(1,000)	(6,000)	(14,000)	-
Arena Revenue										
Suite & Loge Box Revenue							38,024	39,165	40,340	41,550
Non-Basketball Events (Ticket Revenue)							9,447	9,731	10,023	10,323
Non-Basketball Events (Concession & Novelty Revenue)							7,001	7,212	7,428	7,652
Sponsorship							31,205	32,141	33,106	34,099
Ticket Surcharge							4,488	4,488	4,488	4,488
Other Revenue							634	627	620	613
Total Arena Revenue							90,800	93,365	96,005	98,726
Operating Expenses							(32,041)	(32,995)	(33,977)	(34,989)
Arena Net Operating Income							58,759	60,370	62,028	63,737
Arena Debt Service							(43,769)	(43,769)	(43,769)	(43,769)
Advance from Arena to cover Nets losses							(6,885)	(4,961)	(4,850)	-
Arena Cash Flow							8,105	11,640	13,410	19,968
Urban Room Cash Flow							700	805	913	1,025
Parking Cash Flow							-	-	-	238
Nets Franchise Cash Flow		(37,547)	(46,088)	(38,345)	(35,544)	(11,705)	(7,176)	(4,961)	(4,850)	4,923
Draw on Cash and Additional Equity		148	5,776	22,000	35,544	11,705	6,885	4,961	4,850	-
Draw on Debt		37,399	40,312	16,345	-	-	291	-	-	-
Cash Remaining		-	-	-	-	-	-	-	-	1,000
Distribution of Preferred Dividends		4,788	6,392	6,572	6,572	6,572	-	-	-	-
Total Cash Flow to Team and Arena Investors	(212,900)	4,406	(1,658)	(68,128)	(29,778)	(5,428)	7,805	6,445	323	27,154
Terminal Equity Value of Nets ¹							-	-	-	277,731
Terminal Equity Value of Arena, Urban Room & Parking ²							-	-	-	242,530
Total Investment Cash Flow	(212,900)	4,406	(1,658)	(68,128)	(29,778)	(5,428)	7,805	6,445	323	547,415
Total Investment IRR	7.7%									

Notes

1. Exit multiple of 3x revenue. Terminal value is net of debt repayment. Gross value = \$482mm.
2. Terminal value assumes 12% discount rate and 3% growth rate on cash flows.