

## **WORLD GOLF GROUP BRIEFING NOTE (MAY 4<sup>TH</sup>, 2022)**

We are sending this letter to the Voting Members of the PGA Tour, via their agents, who are duty-bound to pass it on (regardless of any conflicting, personal loyalties or commercial interests).

Dear PGA Tour Voting Member,

### **CALL TO ACTION**

Your profession is approaching an historic crossroads. The “International Series”, funded and owned by LIV Golf Investments (**LIV**), represents an existential threat, not only to the PGA Tour’s dominance, but also its model. Change is not only inevitable, it is happening – and no amount of purse rejigging, head-burying, ban-threatening, alliance-making or “moving-on” will derail it.

LIV’s superb format (based on our very own, original, PGL format) is capable of generating \$10BN+ of equity value. Hence, LIV is prepared to spend \$400MM+ to demonstrate the brilliance of the model, across eight events.

The PGL is not just for the feted few but all of golf. It is also just as capable of generating \$10BN+ of value – so, as a PGA Tour Voting Member, you have two options. You could:

- A. own 50% of the PGL and make ~\$20MM each (\$2MM upfront), with a further ~\$1BN of value to be shared between members of the Korn Ferry and DP World Tours**

Or you could:

- B. do nothing and leave LIV to generate that value, while the two oldest tours contemplate a full merger that would serve neither membership**

Our letter to the Policy Board set out how you and your fellow Voting Members could own 50% of the PGL, which would operate under PGA TOUR, Inc.’s existing umbrella (alongside its other tours). No releases would be required to play PGL events.

The Policy Board has, however, refused to discuss our proposals. Based on a presentation by Allen & Co, it disputes the PGL’s ability to generate \$10BN+ of value. As Rory McIlroy recently messaged, [“We had Allen and company present to the board in Orlando about the PGL proposal. They don’t think 10B by 2030 is feasible at all. They said you’d need to create 20 Ryder cups a year from now until then to get to that number”](#).

In the corporate finance world, this is technically known as “*bullshit*”. But, then again, Allen & Co has never spoken to us, nor had access to the information it would require in order to produce an accurate valuation.

The Policy Board owes you a fiduciary duty. It should fulfil this duty, not hide behind the Allen & Co presentation. Only an independent valuation will confirm how much you stand to make from the PGL Proposals. And you deserve to know; just as the world’s best deserve to play for \$20MM each week and fans deserve to be able to watch them.

If you choose Option A, you should get the PAC to do its job and compel the Policy Board to speak to us. We will then, together, appoint independent experts (for example, a leading, global investment bank that sponsors PGA Tour members) to produce an accurate, reliable, independent valuation.

The **call to action** is simple – just message your player representatives on the PAC and the Policy Board and tweet/retweet: [“As a member of the tour, I instruct you to obtain and publish an independent valuation of the PGL Proposals #playerpower #transparency”](#). If seventy or more of you do this, it will happen.

You should not fear the wrath of Jay Monahan, he is not on the Policy Board and works for you. You should exercise your rights. Despite it being “your” PGA Tour, you do not own it (nor will you own LIV or the Super Golf League). You could own half of the PGL.

Act now or spend a lifetime wondering: “What if...?”

Yours faithfully

**World Golf Group Limited**

We will also be hosting Zoom calls (for Voting Members to attend and ask questions) and publishing operational information that supports the \$10BN+ valuation, over the coming weeks.

**WORLD GOLF GROUP**

**BACKGROUND BRIEFING NOTES**

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**1. OUR OBJECTIVE**

Our objective is to motivate and mobilize a sufficient number of PGA Tour Voting Members to **COMPEL THE POLICY BOARD TO ENGAGE WITH US** and **OBTAIN AN INDEPENDENT VALUATION THAT WILL CONFIRM TO VOTING MEMBERS HOW MUCH THEY STAND TO MAKE FROM THE PGL PROPOSALS**.

We believe this **Independent Valuation** will persuade Voting Members to back the **PGL Proposals** and lead to the launch of the Premier Golf League, in collaboration with PGA TOUR, Inc., as set out in our **Policy Board Letter** (see Appendix A).

**2. THE KEY MESSAGING**

- The PGL Proposals would, if implemented, generate very considerable value for each Voting Member. We believe this value to be ~\$20MM per Voting Member.
- Despite this prospective value, the Policy Board is refusing to discuss the PGL Proposals with us. It is using an **Allen & Co Presentation** to justify this refusal.
- The Allen & Co Presentation disputes the ~\$20MM figure. According to a recent message from Rory McIlroy (a Policy Board member), [“We had Allen and company present to the board in Orlando about the PGL proposal. They don’t think 10B by 2030 is feasible at all. They said you’d need to create 20 Ryder cups a year from now until then to get to that number”](#).
- This is utter nonsense and, therefore, the Policy Board’s position is unjustifiable.
- Allen & Co has neither consulted us, nor had access to the information it would require in order to produce an accurate valuation of the PGL Proposals.
- Voting Members should not, therefore, rely upon the Allen & Co Presentation, nor should they permit the Policy Board to hide behind it. They should, instead, compel the Policy Board to cooperate with us, in order to secure an Independent Valuation.
- An unbiased, Independent Valuation (produced, for example, by a leading, global investment bank that sponsors PGA Tour members) would end the debate. It would confirm to Voting Members how much value they should expect to generate from the PGL Proposals and by when.
- Only based on an Independent Valuation will Voting Members be in a position to decide whether or not to consider the PGL Proposals further.
- If the Policy Board refuses to discuss the PGL Proposals, Voting Members will be deprived of the ability to explore an opportunity to generate very considerable value (plus, fans, sponsors, broadcasters and players might be deprived of the Premier Golf League).
- Voting Members should, therefore, compel the Policy Board to engage with us and obtain the Independent Valuation.
- Ultimately (once fully informed), the Voting Members should vote on whether to implement the PGL Proposals. This will need to happen by August 31<sup>st</sup>, 2022 if all current Voting Members are to benefit fully.

### **3. THE CALL TO ACTION**

As stated in the **Voting Member Letter**, the call to action is simple: message your player representatives on the PAC and the Policy Board and/or tweet: [“As a member of the tour, I instruct you to obtain and publish an independent valuation of the PGL proposals #playerpower #transparency”](#).

The target is 70 Voting Members, as 25% can call for a vote. In reality, the Policy Board will find it difficult (and legally problematic) to ignore more than 30 or 40 requests.

Looking ahead, once they have the Independent Valuation, the Voting Members should then push for the Policy Board to finalise the terms of the proposed joint venture agreement, which will see the PGL (majority owned by the members of the PGA Tour, Korn Ferry Tour and DP World Tour) operate under PGA TOUR, Inc.’s existing umbrella (alongside its 6 other tours).

Voting Members should also be given the opportunity to approve the final form joint venture agreement, by a vote requiring a 51% majority (or ~140 Voting Members).

### **4. BACKING UP THE \$10BN+ VALUATION (\$20MM PER VOTING MEMBER)**

Over the coming weeks we will begin to back up the “\$20MM per Voting Member” figure by sharing some of the less commercially sensitive, supporting evidence.

PGA TOUR, Inc. will no doubt challenge (as biased) whatever we and/or our advisers say (hence the need for the Independent Valuation), but we will begin to share some of the more detailed, operational information that supports the \$10BN+ valuation and underpins the \$20MM figure.

Simultaneously, we will expose the flaws in the Allen & Co Presentation.

#### **ALLEN & CO**

The Allen & Co Presentation challenges the PGL’s ability to generate ~\$20MM of value for each Voting Member, but Allen & Co:

- is not truly independent (for these purposes)
- does not have all of the information it would require in order to produce an accurate valuation
- has had no contact with us

The recent message from Rory McIlroy: [“We had Allen and company present to the board in Orlando about the PGL proposal. They don’t think 10B by 2030 is feasible at all. They said you’d need to create 20 Ryder cups a year from now until then to get to that number”](#), begs a number of questions.

- How do you value a corporation without at least speaking to it?
- What numbers did Allen & Co review and which experts, sponsors and broadcasters did it consult?
- How did Allen & Co value the team equity that PGL Inc. will retain (~\$3BN of value value)?
- According to Allen & Co, how much value should each Voting Member generate, assuming the PGL Proposals are implemented (if not ~\$20MM, then how much)?

In this new era of “transparency” Voting Members should also ask to see a copy of the Allen & Co Presentation.

### **5. RORY MCILROY’S NEXT MOVE**

What Rory McIlroy does next could be significant – a lot of Voting Members believe he has the ability to influence the Policy Board and will follow his lead. Ideally, he will repeat, on the record, what he said to Andy Gardiner several months ago: that he believes the PGL Proposals are, [“Right for fans, right for the game and right for the members of the PGA Tour”](#).

During his No Laying Up podcast in December 2021, he stated that the Policy Board had to engage with us.

“The PAC is a good cross-section of the membership...In my role as PAC Chairman and now on the Policy Board, I have to think of those guys that are down at the bottom, right? So then, **going on to PGL and you having Andy Gardiner on here and him saying, well I think I can create 5 billion worth of equity for the players and distribute that among the 210, so I’m sort of adding that up in my mind and that’s like 20 million dollars each. I’m like again, I’m not doing a good job for the players if I don’t bring that to the attention of the tour and be like...just sit down and listen to this guy, do something.**”

Yes, OK, I get the business model that the PGA Tour is currently under is, you know, Andy said “hamstrung” in terms of, this is just sort of what they can do and they’re doing their best with what they can, and I agree that they’re doing a wonderful job within the structure they’re in because that was what was created before Jay took charge – you know it is what it is – but **if someone comes along and says I think I can create this amount of revenue and distribute it amongst every player, you have to listen to that, right?** Because again, that’s my responsibility to all the players who voted me into this position.”

He has also pressed Jay Monahan to engage with us but has said nothing, on the record, about our Policy Board Letter, nor responded to Andy Gardiner’s last email, which set out the standard process for obtaining an independent valuation (see an excerpt below):

“When we discussed getting an independent valuation, I envisaged one that would meet industry standards. This would involve us each coming up with a list of suitable candidates. From this list we would agree upon and select the most appropriate, independent, expert, third party. We would then appoint this party jointly (under a tripartite agreement) and split the fees. This third party would then be given access to a data room containing all relevant information - not just our financial model but all of the materials that back up our assumptions. It would also be given access to industry experts capable of verifying or challenging these assumptions (leading media buyers, brand consultants, sponsors, broadcasters, franchise brokers, event operators, venue procurement specialists etc). Based on all the information gathered, the selected third party would then deliver an unbiased assessment.

Should this assessment produce a number lower than \$20MM per member, we could rejig the equity allocation accordingly (assuming \$20MM is the magic number). But I’m confident it won’t.”

Rory McIlroy might have been told to say nothing more (we understand the Policy Board has been advised not to engage with us, in order to prevent us from gaining a “foothold”), or he might have come under pressure from commercial partners who have an interest in preserving the status quo. Whatever the reason for his recent silence, we should expect a public statement soon; particularly given the buzz being generated by LIV, the “International Series” and the increasing prospect of litigation.

## **6. THE POLICY BOARD DIRECTORS**

Back at the THE PLAYERS Championship, Jay Monahan declared victory over all rival formats, with his “We’ve moved on/declare loyalty or else” speech. He is not, however, a member of the Policy Board, which is made up of six unpaid, part-time, independent directors and four PGA Tour members. It is these individuals who stand between the Voting Members and the Independent Valuation.

<b>THE POLICY BOARD</b>	
(Current PGA TOUR Official Media Guide 2021-22)	
<b>Ed Herlihy</b> (Chairman)	Partner, Wachtell, Lipton, Rosen & Katz (and Augusta National member)
<b>Mark Flaherty</b>	Board Director, Goldman Sachs (and the Patrick Cantlay Foundation)
<b>Mary Meeker</b>	Partner, Bond Capital
<b>Randall Stephenson</b>	Board Director, Walmart
<b>Jim Richerson</b>	President, PGA of America
<b>Victor Ganzi</b>	Board Director, Willis Towers Watson
<b>Kevin Kisner</b>	Player
<b>Rory McIlroy</b>	Player
<b>Charley Hoffman</b>	Player
<b>James Hahn</b>	Player

So, do these directors owe a fiduciary duty to the Voting Members and, if so, would a refusal to engage with us and obtain an Independent Valuation, constitute a breach of that fiduciary duty? The answer to the first part appears to be straightforward.

## **POLICY BOARD MEMBERS OWE A FIDUCIARY DUTY TO VOTING MEMBERS**

In 1991, the United States Court of Appeals Ninth Circuit in the case of *Gilder v PGA TOUR, Inc.* upheld that the Policy Board members had a fiduciary responsibility to their members. It held that voting on a matter in relation to which a director has a conflict of interest may violate that director's fiduciary duty and that a court "may intervene to prevent (or annul) conduct on the part of directors that represents a breach of their fiduciary obligations."

## **SO, WHAT IS A FIDUCIARY DUTY?**

Fiduciary duties are imposed upon a person (or an organisation) who exercises some discretionary power in the interests of another person in circumstances that give rise to a relationship of trust and confidence.

In the U.S. legal system, a fiduciary duty describes a relationship between two parties that obligates one to act solely in the interest of the other. The party designated as the "fiduciary" owes a legal duty to a "principal", and strict care must be taken to ensure that no conflict of interest arises between the fiduciary and the principal.

## **SO, WHAT IS A CONFLICT OF INTEREST?**

A conflict of interest occurs when a person's (or an entity's) own interests differ from (or conflict with) the interests of those they represent, challenging the ability of that person (or entity) to act in an unbiased manner.

So, does any Policy Board member have a conflict of interest in relation to the PGL Proposals? For example, would a Player Director who is sponsored by a corporation that also sponsors the PGA Tour (at tour and/or event level) be deemed to have a financial conflict? Might his sponsors and/or the tour pressure him to defend the status quo?

Regardless, it is difficult to see how a Policy Board member could refuse to speak to us (or agree to obtain the Independent Valuation) and still fulfil his or her fiduciary duty to the Voting Members.

There is no suggestion that members of the PAC owe such a duty, but they too have said nothing publicly about our Policy Board Letter (nor engaged with us).

## **7. THE PAC**

While Rory McIlroy was its Chairman, he offered to arrange a Zoom call with the PAC. That call has not yet taken place and the Voting Members should, perhaps, ask: **why not?**

The PAC's role is to advise and consult to the Policy Board on matters affecting the members. We understand, however, that it has relatively little influence and is often told what to do and say by the tour's executive.

So, what should the members of the PAC do in order to best serve the interests of their fellow members? At the very least they should:

- engage with us to better understand the PGL Proposals
- send a copy of the Voting Member Letter to every Voting Member
- advise the Policy Board to engage with us, to discuss the PGL Proposals and obtain the Independent Valuation

The player councils that represent the members of the Korn Ferry and DP World Tours, should do the same.

## **8. MEMBERS OUTSIDE THE TOP 50 PAYING TO PRESERVE THE STATUS QUO (AND GETTING LITTLE IN RETURN)**

Challenged by the “International Series”, rather than discuss how the PGL could generate ~\$5BN+ of equity value for its Voting Members, the PGA Tour has:

- resorted to threats (that members will be banned, lose their pension rights and not receive OWGR points)
- allocated significantly more cash to a limited number of its members
- formed a strategic alliance with the DP World Tour

This alliance, which bailed out its oldest rival, has cost the tour \$85MM (so far). It has also cost its lower ranked members spots at certain tournaments.

In addition, the allocation of ~\$150MM of extra cash has heavily favoured a minority of members and focused predominantly on the top 50. For example, average purses are to increase by \$1,100,000 (**13.75%**), whereas the FedEx Cup bonus pool and Player Impact Program are to increase by **25%** and the Comcast Top 10 bonus is to **double** (see below).

<b>ALLOCATION</b>	<b>INCREASE</b>	<b>WHO BENEFITS</b>
FedEx Cup bonus pool	<b>\$15,000,000</b> (to \$75,000,000)	60% (\$44,750,000) to top 10 77% (\$55,925,000) to top 30
Comcast Business TOUR Top 10	<b>\$10,000,000</b> (to \$20,000,000)	Top 10 regular season based on FedEx standings after the Wyndham Championship
Player Impact Program	<b>\$10,000,000</b> (to \$50,000,000)	10 members
Play15 bonus program (new)	<b>\$10,000,000</b> (\$50,000 x 200)	Up to 200 members
Official prize money	<b>\$60,000,000</b> (to \$427,000,000)	
▪ Average purses	<b>\$1,100,000</b> (to \$9,100,000)	
▪ Genesis Invitational	<b>\$2,700,000</b> to (\$12,000,000)	Limited field (120 with cut)
▪ Arnold Palmer Invitational	<b>\$2,700,000</b> (to \$12,000,000)	Limited field (120 with cut)
▪ The Memorial Tournament	<b>\$2,700,000</b> (to \$12,000,000)	Limited field (120 with cut)
▪ World Golf Championships	<b>\$1,500,000</b> (to \$12,000,000)	Top 64 (no cut)
▪ FedEx Cup Playoffs	<b>\$5,500,000</b> (to \$15,000,000)	Top 125 (Northern Trust) Top 70 (BMW)
▪ THE PLAYERS Championship	<b>\$5,000,000</b> (to \$20,000,000)	Top 144 (with cut)
<b>TOTAL</b>	<b>\$105,000,000</b>	

Add to this \$105MM the extra \$20MM<sup>1</sup> reportedly to be shared by the top 10 at the end of the regular season, plus the guaranteed prize money to be paid by the new fall team series (3 events, each paying a “significant 7-figure sum”, for which only the top 50 will be eligible) and the total comes to **~\$150MM**.

But by how much will alternate purses increase (specifically the events that will now include DP World Tour members)? And will FedEx Cup points be scrapped during the fall (when lower ranked members tend to get more starts)?

By this allocation, the tour has created the equivalent of a three-tiered economic structure within its own membership (top 10, top 50 and the rest). It has not, however:

- embraced a structure that would unlock \$10BN+ of value, 75% of which would be shared between its members, the members of the Korn Ferry and DP World Tours, and the amateur game

<sup>1</sup> This was reported on February 22<sup>nd</sup>, 2022 but might be double counting the \$10MM added to the Comcast Top 10.

- offered to advance \$2MM (each) to up to 200 of its members and \$300K (each) to up to 200 members of the Korn Ferry Tour

The extra ~\$150MM could have added ~\$3.5MM to every purse across the season. Plus, rather than benefit DP World Tour members, the allocation of \$85MM could have made a significant difference to the Korn Ferry Tour or been shared by the tour's lowest ranked members.

The tour might argue that this financial focus (on the top 10/50) is justified, as:

- the allocation of the extra cash is performance-related (excluding the PIP and the play bonus) i.e. members just have to be in the top 10 to share in the bulk of the money
- without the allocation, the best players would leave to play for \$20MM each week, and all remaining members would be worse off (the tour might collapse)

Except, the launch of the PGL will not cause the PGA Tour to collapse, and no member will suffer any loss of earning opportunity. Plus, every tour member will have:

- the right to qualify, automatically, to join a team and participate in the PGL
- the opportunity to participate as one of three wild card picks (or as team substitutes) each week, with the chance to win up to \$4MM (each time they play), based on performance.

And the best players will not "leave" to participate in the PGL, they will simply play in another division under PGA TOUR, Inc.'s umbrella; a division that will generate \$10BN+ of equity value, which all Voting Members (and others) will benefit from.

**So, why would the tour choose to create the equivalent of a three-tiered economic structure within its own membership and yet deprive those unlikely to benefit (a majority of its members) of the opportunity to generate extraordinary equity value?**

As Rory McIlroy said recently: "For PGA TOUR members, they have to realize that the PGA TOUR executives and everyone that works back at Ponte Vedra, they work for us, and they're trying to do the best job for the members of the TOUR and all the net revenues flow to us. But at the same time, we have to keep them accountable and make sure they're doing a good job".

But how accountable are those executives to the members? Does the tour operate as a true democracy, or does one person (or a small group) possess absolute power without effective constitutional limitations (the definition of a dictatorship)? We have spoken to players and agents who believe it is the latter.

Voting Members should ask the PAC and the Policy Board this question: **Why create the equivalent of three-tiered economic structure within the tour's membership, without:**

- creating ~\$20MM of equity value for each Voting Member
- providing a meaningful cash advance to 400 players
- creating the optimum format for fans?

Voting Members should also appreciate that this allocation of extra cash is probably not enough (we will see by the end of the "International Series" and beyond).

The top players deserve to play for \$20mm each week (the PGL model), so the Policy Board should explore the PGL Proposals, which will allow the top players to "**have their cake**", and the Voting Members to "**eat it**".

The best 48 (plus wild cards and subs) will get to play for \$20mm each week, 18 times per season, but all Voting Members will share in the equity value that the PGL will generate (surely a "no brainer?").



**APPENDIX A**  
**POLICY BOARD LETTER**

By email to:

Mr. Rory McIlroy  
Member, Policy Board, PGA TOUR, Inc.

For onward distribution to:

Mr. Ed Herlihy	Ms. Mary Meeker	Mr. James Hahn
Mr. Mark Flaherty	Mr. Randall Stephenson	Mr. Charley Hoffman
Mr. Victor Ganz	Mr. Jim Richerson	Mr. Kevin Kisner

14<sup>th</sup> February 2022

Dear Rory,

**A BRILLIANT MODEL FOR FANS, THE GAME AS A WHOLE AND THE MEMBERS OF BOTH THE PGA TOUR AND THE KORN FERRY TOUR**

Further to your dialogue and correspondence with Andy Gardiner, this letter sets out how members of the PGA TOUR and the Korn Ferry Tour might benefit significantly from the successful launch and operation of the Premier Golf League. More specifically it outlines how such members might generate ~\$5,750,000,000 (\$5.75bn) of equity value, up to \$460,000,000 (\$460mm) of which they would be entitled to receive, in cash, upon the launch of the Premier Golf League.

The inclusion of Korn Ferry Tour members and this up-front cash element enhances our original proposal (sent to the Commissioner of the PGA TOUR in September 2021) and reaffirms our desire (as expressed by Andy Gardiner in his recent No Laying Up podcast<sup>2</sup>) to share, equitably, the value to be generated by the Premier Golf League and to collaborate with PGA TOUR, Inc. in a manner that is both consistent with its principal mission and in the best interests of its members.

An example of how this value might be allocated is set out below.

**PROPOSED EQUITY ALLOCATION**

As proposed, the Premier Golf League will be owned and operated by a new, for-profit, US domiciled, joint venture corporation, Premier Golf League, Inc. (**PGL Inc**). Upon its incorporation PGL Inc will issue 100,000,000 shares to various joint venture partners. An example of how these shares might be allocated is set out below.

Shareholder(s)	No. of Shares	%	Prospective Value (\$)
PGA TOUR Members	50,000,000	50.0	5,000,000,000
Korn Ferry Tour Members	7,500,000	7.5	750,000,000
DP World Tour Members	2,500,000	2.5	250,000,000
Commercial Partners	5,000,000	5.0	500,000,000
Directors	2,500,000	2.5	250,000,000
PGL Foundation	7,500,000	7.5	750,000,000
World Golf Group	25,000,000	25.0	2,500,000,000
<b>Total</b>	<b>100,000,000</b>	<b>100.0</b>	<b>10,000,000,000</b>

<sup>2</sup> <https://open.spotify.com/episode/5PvqMuOomsA89rX0VQgzJo?si=a0nikxHBQTGnyt55bZPA1g>



Based on the example allocation above and assuming that, upon the issue of the PGL Inc shares, there are 250 voting members of both the PGA TOUR and the Korn Ferry Tour<sup>3</sup>:

- each voting member of the PGA TOUR would receive 200,000 shares with a prospective value of **\$20,000,000** (\$20mm); and
- each voting member of the Korn Ferry Tour would receive 30,000 shares with a prospective value of **\$3,000,000** (\$3mm).

In addition, as proposed, the voting members of both tours would be entitled to receive a share of **\$460,000,000** (\$460mm), in cash, upon the launch of the Premier Golf League. An example of how this cash might be allocated is set out below.

## **PROPOSED UPFRONT CASH PAYMENTS**

Based on its conservative and independently verified financial model, PGL Inc should generate an equity value of **~\$10,000,000,000** (\$10bn) within 7 years of the launch of the Premier Golf League.

To demonstrate our belief in this figure, as proposed, the voting members of the PGA TOUR and the Korn Ferry Tour will be entitled to receive up to **\$460,000,000** (\$460mm) of this prospective value upon the launch of the Premier Golf League.

### **PGA TOUR member payments**

As proposed (and subject to agreement), up to 200 voting members of the PGA TOUR will be entitled to receive an equal share of up to **\$400,000,000** (\$400mm) of PGL Inc's prospective value, in cash, upon the launch of the Premier Golf League.

Structured as a non-recourse loan, secured against the PGL Inc shares owned by each relevant member, this would equate to a **\$2,000,000** (\$2mm) advance of future value, per voting member (with priority to be given to the lower-ranked 200 members).

### **Korn Ferry Tour member payments**

As proposed (and subject to agreement), up to 200 voting members of the Korn Ferry Tour will be entitled to receive an equal share of up to **\$60,000,000** (\$60mm) of PGL Inc's prospective value, in cash, upon the launch of the Premier Golf League.

Again, structured as a non-recourse loan, secured against the PGL Inc shares owned by each relevant member, this would equate to a **\$300,000** advance of future value, per voting member (with priority to be given to the lower-ranked 200 members).

### **Non-recourse**

As mentioned above, these cash sums would be advanced against the future value of the PGL Inc shares owned by each relevant participating member and recouped solely from the sale of such shares upon PGL Inc's public listing, 5 years following the launch of the Premier Golf League.

## **PROPOSED LISTING OF PGL INC'S SHARES**

As proposed, PGL Inc will obtain a public listing of its shares on at least one, suitable, recognised exchange on or around the fifth anniversary of the launch of the Premier Golf League. As envisaged, such a listing would:

- provide liquidity, enabling existing shareholders to sell and fans (as well as institutional investors) to buy shares in PGL Inc;

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<sup>3</sup> This 250 figure is used for purely illustrative purposes and is not the actual number of voting members.

- ensure the highest standards of governance and transparency, obliging PGL Inc to comply with the disclosure requirements of the relevant exchange.

We believe the long-term interests of the game will be best served by the participation of fans as shareholders of PGL Inc. As proposed, these interests will also be served by the allocation of PGL Inc shares to the PGL Foundation.

## OTHER PROPOSED SHAREHOLDERS

In addition to the members of the PGA TOUR and the Korn Ferry Tour, the table above shows how the **~\$10,000,000,000** (\$10bn) of equity value to be generated by the Premier Golf League might be shared equitably between other appropriate joint venture partners, including the PGL Foundation. The rationale for the allocation of shares to these parties is set out below.

Shareholder(s)	Prospective Value (\$)	Rationale
PGL Foundation	750,000,000	As proposed, the equity value to be generated by the PGL Foundation will be used to benefit the amateur game, promoting participation and indirectly benefitting Professional Golf Association members, courses and OEMs. The PGL Foundation will also generate capital and revenue from its ownership of the Premier Golf League's 13 <sup>th</sup> team and associated fundraising opportunities
DP World Tour Members	250,000,000	Given its strategic alliance with the PGA TOUR and its importance to the game globally, both as a standalone tour and a pathway to the PGA TOUR, we believe an equitable allocation of PGL Inc shares should include the members of the DP World Tour
Commercial Partners	500,000,000	To ensure a smooth transition and minimal disruption to the operations of the PGA TOUR, as proposed PGA TOUR, Inc. will have the right to allocate this value to certain of its existing commercial partners, who will continue to support the PGA TOUR following the launch of the Premier Golf League
Directors	250,000,000	As proposed, executives of the PGA TOUR will be appointed to the board of directors of PGL Inc and entitled to a share of this value
<b>Total</b>	<b>1,750,000,000</b>	

As envisaged, PGL Inc will grant the members of the PGA TOUR the right to nominate certain of the directors referred to above and to reappoint or replace such individuals from time to time. In addition, it will grant PGA TOUR members the merit-based right to participate in the Premier Golf League via both an annual, automatic qualification process and up to 51 wild cards per season (each carrying the chance to win up to \$4,000,000 per event).

Ideally, such rights will be granted as part of a broader collaborative arrangement between PGA TOUR, Inc. and PGL Inc, designed to maintain the strength and integrity of the PGA TOUR and ensure no loss of earning opportunities for its members.

## A COLLABORATIVE APPROACH

The launch of the Premier Golf League will merely formalise the ongoing move to create the economic equivalent of a two-tiered structure within the PGA TOUR's membership, but in a manner that will benefit all voting members of the PGA TOUR (not just its leading players) by unlocking the untapped value inherent in the global professional game.

Furthering PGA TOUR, Inc.'s mission to promote the sport of professional golf:

- through the sanctioning and administering of golf tournaments and promoting the common interests of touring professional golfers,
- while protecting the integrity of the game, and helping grow the reach of the game in the US and around the world,

as proposed, the Premier Golf League will be an additive, new format under PGA TOUR, Inc.'s existing umbrella.

Under this collaborative approach, PGA TOUR, Inc. would sanction and oversee the Premier Golf League, which PGL Inc would operate in conjunction with certain of PGA TOUR, Inc.'s existing personnel and the charitable promoters and service providers that currently support its existing tours.

Pursuant to this symbiotic relationship, PGA TOUR, Inc. would:

- maximise the earning potential of PGA TOUR and Korn Ferry Tour members (as shareholders in PGL Inc and prospective participants in the Premier Golf League);
- promote the common interests of touring professional golfers;
- continue to provide competitive earnings opportunities for the members of its various tours;
- prevent scheduling clashes and protect key PGA TOUR tournaments;
- protect the integrity of the game; and
- promote and grow the reach of professional golf, generating additional value that would benefit the entire professional pyramid.

PGL Inc could also contract the services of PGA European Tour Productions Limited, enhancing the value of the stake acquired by PGA TOUR Investments Finance, Inc. in January 2021. Indeed, PGL Inc's operating model could generate additional benefits for the tours operated by PGA TOUR, Inc.

## **PGL INC'S OPERATING MODEL**

In order to verify PGL Inc's ability to generate ~\$10,000,000,000 (\$10bn) of equity value, we would propose to share details of its for-profit, operating model and financial assumptions (pursuant to a non-disclosure/compete agreement).

The operating model, devised by our management team in conjunction with leading experts across golf's ecosystem and the wider sports and media landscape, includes a number of innovative elements that PGA TOUR, Inc. might find interesting, if not worthy of adoption.

As we will demonstrate, the financial assumptions, which have been verified by independent service providers (including agencies that provide services to the PGA TOUR) and various financial institutions, more than support the prospective ~\$10,000,000,000 (\$10bn) valuation, within 7 years of launch.

Furthermore, rather than divert funds away from PGA TOUR, Inc.'s existing operations, we believe that PGL Inc's operating model will bring more money into the men's game and benefit the women's game.

## **BETTER FOR ALL**

As you know, we did not set out to generate ~\$5,750,000,000 (\$5.75bn) of equity value for the members of the PGA TOUR and the Korn Ferry Tour. Nor did we set out to create a new format that would enable the leading players to compete for \$20,000,000 (\$20mm) each week. We set out to devise a format that would compel the greatest number of fans around the world to watch and play the game. The financial benefits are simply the corollary of this.

As proposed, we believe the Premier Golf League will not only benefit fans, sponsors and broadcasters but also the game as a whole and every voting member of both the PGA TOUR and the Korn Ferry Tour. More specifically, it will:

- deliver the best possible fields and entertainment week-in-week-out
- deliver the best possible live experiences
- generate the best possible content (team and league)
- create more global superstars
- create 12 new global sports teams (fuelled by exceptional owners)
- maximize ratings and participation
- maximize value for sponsors and broadcasters
- benefit the amateur game (particularly juniors)
- benefit the women's game (saving costs and boosting its profile and purses)
- value and reward the best players by distributing its revenue fairly
- generate, crystallize and share ~\$10,000,000,000 (\$10bn) of equity value

## **PROPOSED NEXT STEPS**

As you said during your recent No Laying Up podcast, given the potential benefits that might accrue to the members of the PGA TOUR (and now the Korn Ferry Tour), it is incumbent upon us to at least explore, together, whether the proposals contained in this letter merit further consideration.

To this end we should be grateful if you would:

- share the contents of this letter with your fellow members of PGA TOUR, Inc.'s Policy Board and the members of the PGA TOUR's Player Advisory Council; and
- seek to arrange a mutually convenient time for the relevant representatives of our respective organisations to meet (in person and/or via Zoom).

While we are in no particular rush, the timing of this meeting could be important to certain members of the PGA TOUR and the Korn Ferry Tour, whose status will change in September, affecting their right to participate in the proposed joint venture.

Similarly, the sooner we launch the Premier Golf League, the sooner the world's leading players, fans and others will stand to benefit.

Yours sincerely,

**Roger Maddock**  
Chairman  
World Golf Group Limited