

January 27, 2011

Gentlemen,

We appreciate the considerable time you clearly spent in composing your letter of December 20th. Although getting a letter from a lawyer on the eve of Christmas that reads a little like a deposition generally isn't considered a present, we've taken it in the spirit of the holidays – and especially after the tremendous generosity we have witnessed from everyone who loves Liverpool Football Club.

Many of your core questions are similar to those we receive from many fans of the club on a regular basis. And we have made a very deliberate decision to share our thoughts and responses as widely as we can ever since we have become involved with LFC. Our view is that the club belongs to all its supporters and we want to have our views disseminated to the same wide audience.

In the vein of a question that pops up frequently, your first question asks: "What price was paid by NESV to purchase the share capital from the previous owners?"

Although it has been widely reported what we paid, we believe that it should not matter to LFC supporters any longer. The question no longer should be what was we paid for LFC, but what will come of the purchase. And, as long as the club remains on a sound financial basis – and we paid enough to ensure that we have a vested interest in that being the case – the continual questioning of our finances should be an annual event when results are publicly announced – rather than a continuous, daily one.

Rather than living in the past and with an accountant's abacus, we have made it a point since our ownership began to try to understand the core underpinnings – ethos – of what made LFC great. Clearly, the spirit of one man, Bill Shankly, carried the Club on his shoulders into the first division and then to trophies driven by his burning desire to win – to do whatever it took to win, and in winning, determined to do it the right way – the Liverpool way.

In the spirit of Mr. Shankly, the questions supporters should consider today include: where do we go from here as a club, as owners and as supporters. What is ownership going to do after taking on this huge responsibility? What are supporters going to do? What must the club do? These are the important questions and that's where we need transparency. What are our proper roles, responsibilities and actions that must be taken on in this quest to return LFC to the spirit of Bill Shankly?

Indeed, Bill Shankly inherited a club that at least in some respects is like the club we have inherited. On one hand, we have some tremendous advantages he didn't have. We are in the Premier League. We have substantial revenue. And we have a worldwide base of supporters. But on the other, we compete today in very different world than he competed in and have a different set of obstacles to overcome in order not to be left behind in a very competitive world. The world was not connected in those days. Very little was instantaneous. And revenue generation consisted of selling tickets and not much else.

How will four Premier League teams in Liverpool and Manchester ever be able to compete over the long-term against four teams in London? (Merseyside has a population of approximately 1.35 million people; Manchester 2.55 million. Arsenal and Chelsea have 14

million people spread over a smaller area – the metropolitan area of London. And they have perhaps the wealthiest supporters in the world.)

Manchester United knows what do it. No matter how we feel about them on the field, that club has shown exactly what it takes to be successful in the modern competitive landscape. Although Liverpool FC and Manchester United are the clubs with a truly global fan base and the opportunity to capitalize upon that advantage, over the last 20 years Manchester United has left LFC behind in terms of revenue-generation and stability. They have been the most aggressive club commercially. They recognized that they couldn't compete over the long-term with Arsenal and Chelsea in local revenue. We are gaining ground on them, but currently they have the advantage.

An organization competing at the highest level in the Premier League has to produce sufficient revenue to be a Big Four Club. Because, year after year, a Big Four Club is a Top Four Club (unless you have the wrong people in charge of football operations and we have taken steps to address that issue and continue to evaluate it). That means we must continue to grow "the Brand" of this club. "Brand" is thought by some to be an ugly word but why would that be? This "brand" derives from the supporters of the Club — those in the Kop and Bill Shankly himself — united in a common purpose: to make Liverpool Football Club the greatest club in the world. What club could have a nobler lineage and what brand could better connote heart and resolve — the heart and resolve required to win the toughest league in the world? Increasing revenues worldwide for this club is a prime focus of our ownership and will drive our success on the pitch.

You undoubtedly know even better than us that Mr. Shankly firmly held the following view: "At a football club, there's a holy trinity — the players, the manager and the supporters. Directors don't come into it. They are only there to sign the cheques."

But the world now has changed as directors can drive a team into bankruptcy or provide the underpinnings for success. And it truly takes a substantial organization to produce the kind of players required to win consistently at the highest level in the world. So in the 21st century we must move from a trinity to a square — four equally important sides to long-term success:

1. We must have more than the right manager for the long-term — we must have the best football operation in the world. That cannot be based on any one person because if that person leaves, you must rebuild. LFC needs stability. LFC must have a philosophy that endures and is in the hands a group of people devoted to the Club who work together for something much larger than themselves. We will seek a group of professionals who feel what Shankly felt early on — that they are privileged to work at the greatest football club in the world and for this group of supporters who care more than anyone else. They must put LFC's interests squarely in front of their own.

2. We must have players who feel a responsibility to the Club and the supporters. We must say to them, "Gentlemen, you play for a Club that has an incredible history — where extraordinary events have taken place that captured the hearts of people around the world. It wasn't chance that created such a huge and passionate base of supporters as far away as Asia where millions root for you each match. They root for you because over the years Liverpool had men like you wearing red who did astonishing things — surprising things — exciting things. Your career has resulted in you — right now — playing for one of the greatest clubs in history — perhaps the most beloved club in football history. You may never again

have an opportunity like this.” We need to know that every player that wears this red is committed to what the club is going to accomplish.

3. We must have ownership that is committed to the principles espoused half a century ago by Bill Shankly and Bob Paisley. They were never satisfied with a draw. They were never satisfied with second place. We must ensure that our football operations have the resources necessary to attract the best players in the world to Anfield. That will not be an easy task. Finally, it is up to ownership to ensure that the atmosphere of the club is permeated by a desire from everyone to be on the same page. Everyone.

4. We must have supporters who support the club. We need every supporter we can attract to our club. 100% of a club’s revenues come directly or indirectly from supporters. The more supporters we can attract to Anfield, we can attract to watching matches on television, we can attract to our sponsors, we can attract to buy and proudly wear shirts and other merchandise – who know that by doing so they are directly supporting the ability to win on the pitch, the more successful we will be on the pitch. Ownership has committed revenues to building the club – not to dividends and not to profits. If there are profits someday – then so be it. But they must come as a result of having built the strongest club in the Premier League and for no other reason. Our manifesto should resonate with that of the supporters. We have exactly the same goal. We want the greatest football club in history – nothing less. And we are going to do exactly that. But we will not be successful – as supporters, as owners, as players or as an organisation – if we are not all on the same page. All of us.

Your second question asks “Was any further consideration paid for the Club or any of its assets?” It’s not clear what you intend to ask there but, more importantly, we don’t need to have such a conversation. This, too, is history when we should be concentrating on moving forward.

Respectfully, so many of your other questions and areas of inquiry directly relate back to the period of the prior owners and the fall-out from that time. We respect what supporters accomplished in demanding change. We indeed understand what you went through in the period prior to our ownership. We went through a small part of it ourselves and it wasn’t pleasant. But those days are over. We have a different agenda. We have won championships in major league baseball and we will win more. And we will win in Liverpool as well.

You know of course we are new here and trying to get a fresh, clean start. You can help us move forward with that agenda—but it runs across the grain to welcome us with a series of long, written cross-examination questions from a solicitor.

You do bring up the issue of season ticket availability and stadium issues. These are important issues and ones that we want to have a larger and longer dialogue on. But we don’t want to have that dialogue with only one group of LFC supporters. We hope you can understand that.

We believe that good and productive dialogue with our fans is essential, but with all of our constituent fan groups and stakeholders – not with individual entities. Solutions to problems and improvements all around will come from dialogue with a wider group and the recognition for that progress will be the result of efforts to work together for the greater good of Liverpool Football Club. All fans want the same outcome and all fans need to have a

voice. To that end we have proposed a workable solution to create regular, high level dialogue between ourselves and the wider base of Club supporters.

Our hope is that you will continue to support our efforts to rebuild this Club in a responsible way for the long-term and support the way we interact with all Liverpool supporters in our desire to perhaps set the literal gold standard for communication between a great football club and its great supporters.

This club has gone around in a declining circle for much too long now. Damage was done. Let's square that circle, four equal sides and four oars in the water rowing together as we undertake this massive effort to build the greatest football Club in the 21st century.

John Henry, Principal Owner
Tom Werner, Chairman

PS the article you refer to references someone "a Liverpool man through and through." Obviously we have no idea who this person was, but as your question as to whether this characterizes the view of the Club, the answer is no. And that is probably why he was an unnamed source.