




**WHY
HAWTHORN
AND
MELBOURNE
SHOULD
MERGE.**

The Board of Directors of both football clubs
recommend the merger: Here's why.



WHY WE ARE PROPOSING A MERGER?

We are now in a national competition.

Victoria simply cannot support the current number of Melbourne based clubs.

All AFL clubs are faced with significant increases in operating costs due to increasing player payments.

The AFL and the AFL Players' Association have set higher minimum wages and players are demanding greater payments. In addition, the salary cap is steadily rising. It is currently in excess of \$2.5 million. It is projected to be at least \$4 million - perhaps \$4.5 million - by 2001.

The days of clubs having zoned areas from which they can recruit quality local players are gone. Today we simply have the National Draft. It is also no longer realistic to expect to recruit and then keep quality interstate players as they usually prefer to play in their home state.

Both clubs conducted in depth reviews.

In light of this reality, Hawthorn and Melbourne have been proactive in undertaking independent reviews of their long-term viability in the AFL, taking into consideration:

- Membership and potential for growth.
- Potential sponsorship support.
- Increased club operating costs including inflationary player payments.
- Projected increases in the salary cap (currently \$2.5 million and projected to be at least \$4 million - perhaps \$4.5 million - by 2001).
- The imbalance between projected AFL dividends (\$1.5 million in 1996, \$2.6 million in 2001) and the salary cap increases.
- Interstate club strength with very substantial resources (membership and sponsors).
- The membership and supporter base of the larger Melbourne-based AFL clubs, AFL influences

and constraints (national draft, concession, season fixture, salary cap and the AFL's determination to have eight or less Victorian sides).

- Anticipated pressure for player free agency in 1999 and its inflationary effect.

Criteria for future success.

Following an extensive analysis of the reviews, both clubs have decided individually that to survive and succeed in the medium to long-term, it is necessary to target:

- a) Membership base of 20,000.
- b) Minimum turnover of \$12 - 14 million.
- c) Minimum annual profit of \$1.5 million.
- d) A competitive team capable of participating in finals and winning premierships.

Neither Hawthorn nor Melbourne meet these criteria.

Both clubs believe there is little or no prospect of either standing alone and attaining the necessary levels in the future.

Some strong Victorian clubs are on target to meet these criteria.

Strong interstate clubs are capable of achieving these levels.

The reviews, however, showed that as single entities, long-term viability of Hawthorn and Melbourne would become increasingly difficult.

Both clubs are aware that operating under strained financial conditions could weaken their position and they see themselves as future 'take-over' targets by the stronger clubs.

The Boards of Melbourne and Hawthorn have considered a wide range of solutions to the current situation.

Hawthorn Football Club significantly expanded its marketing staff and increased sponsorship, yet membership fell. It considered

relocating to interstate, selling rights to its jumper (including the colours) to a major corporate sponsor, as well as further marketing drives and "tin rattling" appeals.

These initiatives were considered by the Board as unpalatable and did not provide the necessary benefits anyway.

Melbourne Football Club undertook various marketing projects and an aggressive membership drive among Melbourne Cricket Club and general members. They reviewed numerous other options.

The only real option.

The Boards have also considered the possibility of merging with other clubs but strongly believe that a Melbourne/Hawthorn union would provide the best option for reasons including:

- 10 home games at the MCG each year for the first three years.
- Similar geographic and socio-economic base of support.
- A preparedness on the part of each of Hawthorn and Melbourne to treat the proposal as a genuine merger.
- Complementary strengths and weaknesses of each club.

Importantly, an opportunity currently exists for both clubs to amalgamate through a new entity, achieve on-field success, financial stability, and build on the two clubs' proud history and tradition. If a decision is not made now, this opportunity may not present itself in the future.

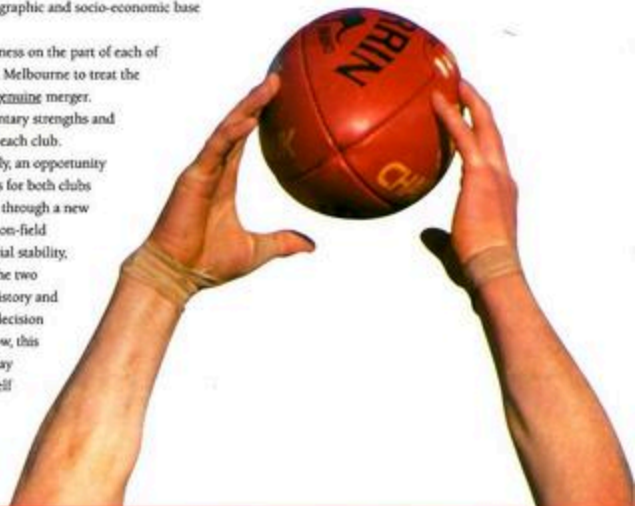
If we do not merge.

If Hawthorn and Melbourne do not merge, each team will be forced to continue to battle on its own - against overwhelming odds - and one day - perhaps sooner rather than later - may disappear from the AFL with its pride in tatters, its reputation ruined and its supporters shattered.

After thoroughly considering a wide range of possible options, both Boards believe the proposed arrangement to amalgamate the two clubs to create the Melbourne Hawks is the best way to ensure the future strength and viability of both clubs.

The Boards also believe that none of the alternatives will provide the level of security and benefits offered by this proposal.

Each Board unanimously recommends a merger.



A TRUE MERGER – THE MELBOURNE HAWKS

Key facts.

- We will be known legally as: Melbourne Hawks Football Club (incorporating Hawthorn & Melbourne Football Clubs) Ltd.
- We will trade as the Melbourne Hawks.
- The AFL has guaranteed that wherever the name of the new club appears in AFL official publications, products and promotions there will be both the words "Hawks" and either "Melbourne" or "Melb".
- The Melbourne Hawks new playing strips have been designed to achieve the following objectives.
 1. To combine the traditional icons of both clubs.
 2. To reflect the new name.
 3. To be visually strong, cohesive and modern.

The large Hawks symbol, synonymous with finals success and premierships for the past 25 years, has been strongly featured over the red and blue background, synonymous with Melbourne.

The colours on both outfits are predominantly red, gold and blue configured to strongly identify with the name Melbourne Hawks.

The designs bring the past of both clubs together in an exciting new strip that will be famous for success in the future.

The benefits:

- Its home ground will be the MCG and the team will play at least 10 home games at the ground in each of its first 3 years and a minimum of 9 or 10 per year until 2007. This does not include any away games which might be

scheduled against other MCG tenants.

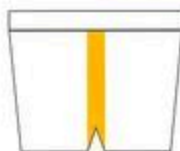
- Football membership for children (under 15) for the 1997 season will be free.
- Current Hawthorn and Melbourne Football Club adult members who join the Melbourne Hawks will receive a free children's membership, as well as a merchandise voucher to the value of \$30 with which they will be able to purchase a valuable memento of the birth of the Melbourne Hawks.
- The team will train at the Glenferrie Oval. This will also be the location of its administration headquarters and social club.
- The Board of Directors will comprise seven members of the current Melbourne Board and the seven members of the current Hawthorn Board.
- There will be an independent Chairman of the Board appointed for one year only nominated by

the Melbourne Cricket Club and approved by the Directors of the Hawthorn Football Club. After the first year, the Board of the Melbourne Hawks will appoint the Chairman from one of its own.

- The new club will be one of the most financially stable and viable in Australia. The AFL has agreed to provide the Melbourne Hawks with a \$6 million incentive to merge. This is a crucial base for financial security.
- The new club will have "open slather" to choose the best 44 players from the complete list of 84 from both clubs.
- The Melbourne Hawks will be a genuine amalgamation of both clubs and their respective traditions and histories. It is not a takeover of one club by the other.



Pre Season and Ansett Cup



Home and Away and Finals

• The club theme song will be a re-mix of the existing theme songs of Melbourne and Hawthorn. The words of the song will be:

*We're the Melbourne Hawks
We're the high-flying Hawks
We're the mighty Melbourne Hawks
We play each game and we play to win
Watch us, we play it with a grin
Every heart beats true for the gold red and blue
As we sing this song for you
One for all and all for one
Two will make you stronger
Keep your eye on the mighty Melbourne Hawks*

WHAT YOU SHOULD DO NOW.

Approval of merger.

The Boards of each club have determined that the merger proposal is to be voted on by the members of each club.

Each club will hold a general meeting for this purpose at 8pm on Monday September 16, 1996.

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| • Hawthorn Football Club
Camberwell Civic Centre
340 Camberwell Road
Camberwell | • Melbourne Football Club
Dallas Brooks Hall
Albert Road
East Melbourne |
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Each club is asking its members to fill in a proxy form supporting the merger and return it in the enclosed self-addressed envelope to their club.

**In the case of Hawthorn, the proxy must be returned by 5pm
Friday 13 September 1996.**

**In the case of Melbourne, the proxy must be returned by 8pm
Sunday 15 September 1996 (proxies being returned by mail must
be received by last mail on Friday 13 September 1996).**

Further details on the merger and the exciting birth of the Melbourne Hawks can be obtained on the Melbourne Hawks Hotline

1 300 364 440

**Remember: This will be a merger in the true sense of the word.
It will be fair and equitable to both clubs and all members.**