

Sports Properties Acquisition Corp.
Form DEFA14A
December 07, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

SPORTS PROPERTIES ACQUISITION CORP.

(Name of Registrant as Specified In Its Charter)

Not Applicable

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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x No fee required.

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(2) Aggregate number of securities to which transaction applies:

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

This filing consists of an updated investor presentation made by Andrew Murstein, Vice Chairman and Secretary of Sports Properties Acquisition Corp., Alvin Murstein and Michael Kowalsky in a series of meetings beginning December 7, 2009 in connection with the proposed transactions contemplated by the Framework Agreement, dated as of November 18, 2009, between Sports Properties Acquisition Corp. and Medallion Financial Corp., pursuant to which Sports Properties Acquisition Corp. will continue its business as a corporation that acquires and actively manages transferable licenses that permit the operation of taxicabs in major metropolitan cities in the United States, or medallions, leases the medallions to fleet taxi operators, operates, on a selective basis, the taxicab fleets associated with those medallions and provides a range of services to and otherwise participates in the taxi industry. The investor presentation contained in this filing has been updated from the investor presentation previously filed as part of Sports Properties Schedule 14A containing soliciting material pursuant to Rule 14a-12 of the Securities Exchange Act of 1934 filed on December 2, 2009 to (i) delete slide 13 entitled Historical Medallion Price Appreciation: NYC and to replace it with new slide 13 entitled NYC Corporate Medallion Price Appreciation vs. Various Asset Classes, (ii) insert a new slide 16 entitled Hypothetical Combined Example and (iii) to delete existing slide 16 entitled Financing and Dividend Policy and replace it with new slides 17 and 18.

Forward-looking statements

This filing contains forward-looking statements within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Sports Properties Acquisition Corp.'s actual results may differ from its expectations, estimates and projections and, consequently, you should not rely on these forward looking statements as predictions of future events. Words such as expect, estimate, project, budget, forecast, anticipate, intend, plan, may, will, could, should, believes, predicts, potential, continue, intended to identify such forward-looking statements. These forward-looking statements include, without limitation, Sports Properties Acquisition Corp.'s expectations with respect to future performance, anticipated financial impacts of the proposed transactions, certificate of incorporation and warrant amendments and related transactions; approval of the proposed certificate of incorporation and warrant amendments and related transactions by stockholders and warrant holders, as applicable; the satisfaction of the closing conditions to the proposed transactions, certificate of incorporation and warrant amendments and related transactions; and the timing of the completion of the proposed transactions, certificate of incorporation and warrant amendments and related transactions.

These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from the expected results. Most of these factors are outside Sports Properties Acquisition Corp.'s control and difficult to predict. Factors that may cause such differences include, but are not limited to, the following:

Regulatory changes affecting the taxicab industry;

The level of rental revenue Sports Properties Acquisition Corp. achieves from its assets;

The market value and the supply of, and demand for, taxicab medallions;

The challenges that Sports Properties Acquisition Corp. may face as a result of the current economic slow-down;

The conditions in the local markets in which Sports Properties Acquisition Corp. operates, as well as changes in national economic and market conditions;

Sports Properties Acquisition Corp.'s ability to lease and acquire taxicab medallions;

The level of revenue Sports Properties Acquisition Corp. achieves from its fleet operations;

Sports Properties Acquisition Corp.'s ability to enter into new leases or to renew leases with existing lessees of its taxicab medallions at favorable rates;

The competitive landscape impacting the taxicab industry;

Sports Properties Acquisition Corp. s relationships with its lessees and their financial condition;

Sports Properties Acquisition Corp.'s use of leverage as part of its financing strategy and its ability to make payments or to comply with any covenants under any borrowings or other debt facilities Sports Properties Acquisition Corp. obtains;

The growth or continuing importance of taxicabs located in the major metropolitan areas in which Sports Properties Acquisition Corp. invests;

The level of Sports Properties Acquisition Corp.'s operating expenses, including amounts Sports Properties Acquisition Corp. is required to pay to its management team;

Sports Properties Acquisition Corp.'s net realized gain or loss on the sale or other disposition of taxicab medallions; and

Changes in interest rates that could impact the market price of Sports Properties Acquisition Corp.'s common stock and the cost of its borrowings.

Other factors include the possibility that the transactions contemplated by the Framework Agreement do not close, including due to the failure to receive required stockholder and warrant holder approvals, or the failure of other closing conditions.

Sports Properties Acquisition Corp. cautions that the foregoing list of factors is not exclusive. Additional information concerning these and other risk factors is contained in Sports Properties Acquisition Corp.'s most recent filings with the SEC and in the definitive proxy statement to be used in connection with the transactions contemplated by the Framework Agreement, as described below. All subsequent written and oral forward-looking statements concerning Sports Properties Acquisition Corp., the Framework Agreement, the related transactions or other matters and attributable to Sports Properties Acquisition Corp. or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above. Sports Properties Acquisition Corp. cautions readers not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Sports Properties Acquisition Corp. does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based.

Additional Information

Sports Properties Acquisition Corp. has filed a preliminary proxy statement with the SEC in connection with the proposed transactions, certificate of incorporation amendments and the warrant amendments and to mail a definitive proxy statement and other relevant documents to Sports Properties Acquisition Corp.'s stockholders and warrant holders. Sports Properties Acquisition Corp.'s stockholders and warrant holders and other interested persons are advised to read the preliminary proxy statement, and, when available, amendments thereto, if any, and the definitive proxy statement in connection with solicitation of proxies for the special meetings of Sports Properties Acquisition Corp.'s stockholders and warrant holders to be held to approve the proposed transactions, certificate of incorporation amendments and the warrant amendments because this proxy statement will contain important information about Sports Properties Acquisition Corp. and the proposed transactions. Such persons can also read Sports Properties Acquisition Corp.'s final prospectus from its initial public offering dated January 17, 2008, its annual report on form 10-K for the fiscal year ended December 31, 2008, which was filed with the SEC on March 27, 2009, as amended (Annual Report) and other reports as filed with the SEC, for a description of the security holdings of Sports Properties Acquisition Corp.'s officers and directors and their affiliates and their other respective interests in the successful consummation of the proposed transactions. The definitive proxy statement will be mailed to stockholders and warrant holders as of a record date to be established for voting on the proposed transactions, certificate of incorporation amendments, the warrant amendments and related transactions. Stockholders and warrant holders will also be able to obtain a copy of the preliminary and definitive proxy statements, without charge, once available, at the SEC's Internet site at <http://www.sec.gov> or by directing a request to: Sports Properties Acquisition Corp., 437 Madison Avenue New York, New York 10022, Attention: Andrew Murstein, telephone (212) 328-2100.

Participation in Solicitation

Sports Properties Acquisition Corp. and its directors, executive officers, affiliates and other persons may be deemed to be participants in the solicitation of proxies for the special meetings of Sports Properties Acquisition Corp. s stockholders and Sports Properties Acquisition Corp. s warrant holders to approve the proposed transactions. A list of the names of those directors and officers and descriptions of their interests in Sports Properties Acquisition Corp. is contained in Sports Properties Acquisition Corp. s Annual Report. Sports Properties Acquisition Corp. s stockholders and warrant holders may also obtain additional information about the interests of its directors, officers and stockholders in the transactions by reading the preliminary proxy statement and other relevant materials to be filed by Sports Properties Acquisition Corp. with the SEC when they become available.

Investor Presentation
Sports Properties Acquisition Corp. (HMR)
December 2009

Disclaimer
Disclaimer
SAFE HARBOR
Forward-looking statements
This
investor
presentation
includes
references
to
Medallion
Financial
Corp.

(Medallion
Financial
or
TAXI),
Sports
Properties
Acquisition
Corp.
(Sports
Properties
or
HMR)
and
Medallion
Management
(Medallion
Management).
This
investor
presentation
includes
forward-looking
statements
within
the
meaning
of
the
safe
harbor
provisions
of
the
United
States
Private
Securities
Litigation
Reform
Act
of
1995.
Sports
Properties'
actual
results
may
differ
from
its

expectations,
estimates
and
projections
and,
consequently,
you
should
not
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on
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forward
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statements
as
predictions
of
future
events.
Words
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as
expect,
estimate,
project,
budget,
forecast,
anticipate,
intend,
plan,
may,
will,
could,
should,
believes,
predicts,
potential,
continue,
and
similar
expressions
are
intended
to
identify
such
forward-looking
statements.
These

forward-looking
statements
include,
without
limitation,
Sports
Properties'
expectations
with
respect
to
future
performance,
anticipated
financial
impacts
of
the
proposed
transactions,
certificate
of
incorporation,
the
trust
agreement
amendments
and
warrant
amendments
and
related
transactions;
approval
of
the
proposed
certificate
of
incorporation,
trust
agreement
amendments,
warrant
amendments
and
related
transactions
by
shareholders

and
warrant
holders,
as
applicable;
the
satisfaction
of
the
closing
conditions
to
the
proposed
transactions,
certificate
of
incorporation,
the
trust
agreement
amendment
and
warrant
amendments
and
related
transactions;
and
the
timing
of
the
completion
of
the
proposed
transactions,
certificate
of
incorporation,
trust
agreement
amendments,
warrant
amendments
and
related
transactions.
These

forward-looking
statements
involve
significant
risks
and
uncertainties
that
could
cause
the
actual
results
to
differ
materially
from
the
expected
results.
Most
of
these
factors
are
outside
Sports
Properties
control
and
difficult
to
predict.
Factors
that
may
cause
such
differences
include,
but
are
not
limited
to,
the
following:
regulatory
changes
affecting

the
taxicab
industry;
the
level
of
rental
revenue
Sports
Properties
achieves
from
its
assets;
the
market
value
and
the
supply
of,
and
demand
for,
taxicab
medallions;
the
challenges
that
Sports
Properties
may
face
as
a
result
of
the
current
economic
slow-down;
the
conditions
in
the
local
markets
in
which
Sports

Properties
operate,
as
well
as
changes
in
national
economic
and
market
conditions;
Sports
Properties
ability
to
lease
and
acquire
taxicab
medallions;
the
level
of
revenue
Sports
Properties
achieves
from
its
fleet
operations;
Sports
Properties
ability
to
enter
into
new
leases
or
to
renew
leases
with
existing
lessees
of
its
taxicab

medallions
at
favorable
rates;
the
competitive
landscape
impacting
the
taxicab
industry;
Sports
Properties
relationships
with
its
lessees
and
their
financial
condition;
Sports
Properties
use
of
leverage
as
part
of
its
financing
strategy
and
its
ability
to
make
payments
or
to
comply
with
any
covenants
under
any
borrowings
or
other
debt

facilities
Sports
Properties
obtains;
the
growth
or
continuing
importance
of
taxicabs
located
in
the
major
metropolitan
areas
in
which
Sports
Properties
invests;
the
level
of
Sports
Properties
operating
expenses,
including
amounts
it
is
required
to
pay
to
its
management
team;
Sports
Properties
net
realized
gain
or
loss
on
the
sale

or
other
disposition
of
taxicab
medallions;
and
changes
in
interest
rates
that
could
impact
the
market
price
of
Sports
Properties
common
stock
and
the
cost
of
its
borrowings.
Other
factors
include
the
possibility
that
the
transactions
contemplated
by
the
framework
agreement
do
not
close,
including
due
to
the
failure
to

receive
required
stockholder
and
warrantholder
approvals,
or
the
failure
to
meet
other
closing
conditions.
Sports
Properties
cautions
that
the
foregoing
list
of
factors
is
not
exclusive.
Additional
information
concerning
these
and
other
risk
factors
is
contained
in
Sports
Properties
most
recent
filings
with
the
Securities
and
Exchange
Commission.
All
subsequent

written
and
oral
forward-looking
statements
concerning
Sports
Properties,
the
framework
agreement,
the
related
transactions
or
other
matters
and
attributable
to
Sports
Properties
or
any
person
acting
on
its
behalf
are
expressly
qualified
in
their
entirety
by
the
cautionary
statements
above.
Sports
Properties
cautions
readers
not
to
place
undue
reliance
upon

any
forward-looking
statements,
which
speak
only
as
of
the
date
made.
Sports
Properties
does
not
undertake
or
accept
any
obligation
or
undertaking
to
release
publicly
any
updates
or
revisions
to
any
forward-
looking
statement
to
reflect
any
change
in
its
expectations
or
any
change
in
events,
conditions
or
circumstances
on

which
any
such
statement
is
based.
Note
to
Investors
In
connection
with
the
proposed
transactions
we
have
filed
a
preliminary
proxy
statement
regarding
the
proposed
transactions
with
the
SEC
and
intend
to
mail
a
definitive
proxy
statement
to
our
stockholders
and
warrantholders.
Before
making
any
voting
decision
investors
are
urged

to
read
the
preliminary
proxy
statement
and
the
definitive
proxy
statement
when
it
becomes
available
because
they
contain
important
information
about
the
proposed
transactions.
Stockholders
and
warrantholders
will
also
be
able
to
obtain
a
copy
of
the
preliminary
and
definitive
proxy
statements,
without
charge,
once
available,
at
the
SEC's
Internet

site
at
<http://www.sec.gov>
or
by
directing
a
request
to:
Sports
Properties
Acquisition
Corp.,
437
Madison
Avenue,
38th
Floor,
New
York,
New
York
10022,
Attention:
Andrew
Murstein,
Telephone
(212)
328-2100.
We
and
our
directors,
executive
officers,
affiliates
and
other
persons
may
be
deemed
to
be
participants
in
the
solicitation
of
proxies

for
the
special
meetings
of
our
stockholders
and
warrantholders
to
approve
the
proposed
transactions.

A
list
of
the
names
of
those
directors
and
officers
and
descriptions
of
their
interests
in
us
is
contained
in
our
annual
report.

You
may
also
obtain
additional
information
about
the
interests
of
our
directors
and

officers
in
the
proposed
transactions
by
reading
the
preliminary
proxy
statement
that
we
filed
and
the
definitive
proxy
statement
and
other
relevant
materials
that
we
will
file
with
the
SEC
when
they
become
available.
1

Transaction Overview

Transaction Overview

1.03x

(1)

(Less than traditional IPO)

Price / Book Value:

Transaction:

Convert HMR to an operating company; Medallion Management

Sponsor:

Medallion Financial to provide management and other services

Structural Improvements:

All Sponsor shares cancelled: 5.375 million shares eliminated

Warrants: increase exercise price and duration; eliminate

cashless exercise feature of IPO warrants

Deferred underwriting fee: reduced by over 75%

Business Purpose:

Acquire and manage taxicab medallions and operators

Initial Book Value:

Up to \$209 million; minimum of \$100 million

Ticker / Exchange:

HMR

/ NYSE Amex

HMR Stock Price:

\$9.90 (November 30, 2009)

Expected Timetable:

Record Date:

Shareholder / Warrant holder meeting:

Closing:

Early January

Mid-January

Mid-January

(1)

Note: Assumes initial book value of \$209 million (see Appendix)

2

Superior and relatively uncorrelated asset returns available to owners with historical ROEs of over 30%

Only public company to primarily own and operate medallions

Attractive ancillary business opportunities exist across the taxicab industry

Advantageous tax treatment of medallions enables favorable distributable income

Substantial founder investment with strong alignment of interests

Proprietary access to the medallion market; local presence in key markets

Respected management team with nearly 100 years of combined experience in the taxicab industry

Key Investment Highlights

Key Investment Highlights

3

Acquire
assets
in
diverse
groups
of
markets
Will
initially
focus
activities
in
New

York
City,
Chicago
and
Boston
and
intend
to
expand
to
other
municipalities
that
may
provide
attractive
return
profiles
Markets
will
be
evaluated
on
the
basis
of
the
medallion
price,
market
lease
rates
and
the
outlook
on
other
value
drivers
such
as
potential
fare
increases
Maximize
lease
revenues
through
the
ownership

of
a
large
number
of
medallions
as
well
as
buying
fleet
operations
Leverage
existing
relationships
with
local
medallion
brokers
and
fleet
owners
Achieve
optimal
pricing
on
medallions
by
pursuing
bulk
purchases
of medallions
Opportunistically
pursue
related
services:
fleet
management,
taxicab
advertising,
corporate
or
town
car
services,
credit
card
processing
Systematic
exits

through
dispositions

once

an

asset

has

met

target

return

parameters

Business Strategy

Business Strategy

4

Overview of Taxicab Medallions

Overview of Taxicab Medallions

A taxicab medallion is a regulated license, issued to operate a taxicab and designates the exclusive right to pick up street hails in many major metropolitan markets

In 1937, NYC issued 11,787 medallions for \$10 each; today there are 13,237 medallions, of which the corporate or mini-fleet

medallions sell for approximately \$750,000 each

Given its importance to the welfare of the general public, the industry is highly regulated by local city councils and municipal regulatory bodies

that:

Regulate and control the number of medallions in existence

License drivers

Establish fares

Monitor complaints and enforce regulations

Approve all transfers of medallions

As a measure to control congestion, new medallions are rarely issued

The regulation of the number of medallions has had the following effects:

Consistent medallion price appreciation

Active secondary market for medallions

Variety of lenders to prospective medallion owners

Competes on the basis of price and convenience

5

Compelling Opportunity

Compelling Opportunity

Taxi medallions have historically provided owners with an opportunity to earn attractive returns versus other asset classes

Medallions are liquid assets and can provide current lease income and offer the potential for price appreciation

Municipal regulation of the local medallion market creates a significant barrier to entry

The medallion market is fragmented, creating opportunities for knowledgeable operators with capital

Medallions are a depreciable asset for tax purposes

Medallions can be levered at attractive rates to enhance equity returns

Taxicab fleet operators currently can be purchased at less than 2x EBITDA

Drivers of Taxi Medallion Values

Drivers of Taxi Medallion Values

Driver

Commentary

Stable regulatory
environment

Medallion supply is regulated by local municipalities

Supply and demand
for taxi service

Competes against mass transportation, black cars and liveries

Fares

Regulated by local authorities, have risen steadily over time

Driver availability

Competes against other employment opportunities for drivers

Access to capital

Ability to finance the acquisition of a medallion

Secondary market

Ability for owners to sell in a liquid market

Ready universe of

sellers

Turnover rate of medallions creates supply for prospective

owners

Traffic and

environmental

Traffic control and congestion pricing are potential factors

Technology

Mandatory credit card readers may boost ridership

7

Experienced Management Team
Experienced Management Team
Cohesive team working together for more than 20 years
Medallion
Financial s
executive
management
team
has
relationships
with
every
facet

of
the
industry
including
taxi
drivers,
fleet
owners,
lease
operators,
banks,
finance
companies,
taxi
brokers
and
regulators
Three
generations
of
proven
experience
operating
the
only
public
company
dedicated
to
providing
loan
financing
to
this
industry

Name

Title

Experience

Industry Experience

Alvin Murstein

Chairman /

CEO

40+ years

Chairman and CEO of Medallion Financial since
inception and predecessor companies since 1979.

Executive in the taxi cab industry for over 40
years

Andrew Murstein

President

20 years

President of Medallion Financial since inception
in 1995

Larry Hall

CFO

10 years

CFO of Medallion Financial since 2004. Previous
experience at Citibank, Wells Fargo and Arthur

Andersen

Michael Kowalsky

EVP

20 years

EVP of Medallion Financial and President of
Medallion Funding Corp. (lending subsidiary of
Medallion Financial) since 1996

Medallion Financial s

Board includes: Former Governor of New York Mario Cuomo, Baseball Hall of

Famer Hank Aaron and former United States Senator and Governor of Connecticut Lowell Weicker

8

Overview of Medallion Financial
Overview of Medallion Financial
Medallion
Financial
is
a
leading
lender
to
the
taxi
industry
No

competing
businesses:
Medallion
Financial
does
not
purchase
medallions
or
taxicab
fleets
Transitional
Services
to
be
provided
by
Medallion
Financial
Medallion
Financial
will
charge
a
transitional
services
fee
of
1.0%
of
book
equity
(not
assets)
for
management,
accounting,
office
space
and
various
back
office
services;
there
are
no
extra
incentive
fees

This
arrangement
will
give
Medallion
Management
access
to
a
team
of
experienced
professionals
that
will
allow
growth
of
its
business
with
the
immediate
benefit
of
a
larger
and
more
sophisticated
infrastructure
without
the
full
costs
normally
associated
with
such
an
infrastructure
Medallion
Financial s
motto
is
In
niches
there
are
riches

Medallion
Financial
has
lent
over
\$3
billion
to
the
New
York
taxicab
medallion
market
and
its
principal
losses
have
been
9

Medallion Financial Loan Losses
Medallion Financial Loan Losses
(This page intentionally left blank)
10

Alignment of Interests

Alignment of Interests

None

of

the

officers

of

the

Company

(Chairman,

CEO,

CFO

and

EVP)
are
receiving
compensation
from
the
Company
Medallion
Financial
owns
warrants
that
will
be
amended
to
have
a
\$12
per
share
exercise
price,
over
20%
above
current
prices
Medallion
Financial
has
invested
nearly
\$7
million
and
the
stock
must
appreciate
over
32%
over
trust
value
(\$9.96)
before
it
breaks
even

on
its
investment
11

Industry
Industry
ripe
ripe
for
for
consolidation;
consolidation;
no
no
single
single
operator

operator
owns
owns
more
more
than
than
1%
1%
of
of
taxis
taxis
nationwide
nationwide
Large Market Opportunity
Large Market Opportunity
New York
New York
13,237 licenses
13,237 licenses
Chicago
Chicago
6,999 licenses
6,999 licenses
Atlanta
Atlanta
1,600 licenses
1,600 licenses
South FL
South FL
2,061 licenses
2,061 licenses
Denver
Denver
1,042 licenses
1,042 licenses
Los Angeles
Los Angeles
2,300 licenses
2,300 licenses
San Francisco
San Francisco
1,381 licenses
1,381 licenses
Boston
Boston
1,825 licenses
1,825 licenses
Philadelphia

Philadelphia

1,600 licenses

1,600 licenses

Cambridge

Cambridge

257 licenses

257 licenses

Medallions in the US > \$12 billion in Value

Medallions in the US > \$12 billion in Value

Source: Regional regulatory entities

Newark

Newark

600 licenses

600 licenses

12

Historical Medallion Price Appreciation: NYC

Historical Medallion Price Appreciation: NYC

(1)

(1)

13

(1)

Source:

New

York

City

Taxi

and

Limousine

Commission.

Market

data

from

Bloomberg

as

of

12/04/2009

(2)

Past price appreciation may not be indicative of future price appreciation

NYC Corporate Medallion Price Appreciation vs. Various Asset Classes

Corporate Medallions

9.8%

S&P 500

7.3%

Dow Jones Industrial Average

6.9%

Gold

5.9%

Compounded

Annual

Growth

Rates

(1947-2009)

(2)

Price (1 Corp.
Medallion):
\$750,000
(Bulk purchase expected
to be below market)
Equity Funding:
\$250,000
Debt Funding:
\$500,000
Lease Revenue:
\$ 30,000
Interest Expense:
\$ 23,000

Historical Avg.

Appreciation:

\$ 73,500

(1947

2009 CAGR of 9.8%)

Returns:

\$ 7,000 + \$ 73,500 = \$ 80,500

\$250,000

ROE:

32%

Hypothetical Example of Medallion Economics: NYC

Hypothetical Example of Medallion Economics: NYC

Note:

This

hypothetical

is

an

example

of

the

type

of

analysis

Medallion

Management s

management

team

might

perform

in

assessing

whether

to

purchase

medallions

and

is

for

illustrative

purposes

only,

does

not

represent

actual

or

expected

returns

from

the

medallions
Medallion
Management
may
purchase.
Actual
returns
will
depend
on
Medallion
Management's
ability
to
secure
leases
for
the
medallions,
achieve
anticipated
lease
revenues
and
the
cost
of
debt
financing.
Actual
returns
will
also
depend
on
any
future
appreciation
in
the
asset
price
of
the
medallions
acquired
by
Medallion
Management.
The

historical appreciation shown in this example is based on the compounded annual growth rates in the value of medallions over the 62-year period beginning January 1, 1947. There can be no assurance that medallions valuations will continue to increase at historical rates or at all. Medallion values have declined in

certain
years
and
could
decline
again.
For
a
discussion
of
risks
that
may
affect
our
medallion
ownership
leasing
economics,
please
see
slide
1
and
the
section
entitled
Risk
Factors
in
our
Proxy
Statement
filed
with
the
SEC.

In considering a medallion purchase in individual markets, our management team will, as illustrated by the table below, assess the return profile from the assets taking into account lease income that may be earned from the medallion, availability and cost of debt financing and the potential for appreciation in medallion prices based on the historical record in the market:

14

(1)
This
hypothetical
is
an
example
of
the
type
of
analysis
Medallion
Management s

management
team
might
perform
in
assessing
whether
to
purchase
fleet
operations
and
is
for
illustrative
purposes
only
and
does
not
represent
actual
or
expected
returns
from
the
purchase
of
fleet
operations
by
Medallion
Management
and
should
not
be
relied
upon
for
any
investment
decision.
Actual
returns
will
depend
on
Medallion

Management's
ability
to
purchase
fleet
operations,
lease
the
medallions
and
achieve
anticipated
lease
revenues
and
operating
expenses.
This
hypothetical
is
based
on
certain
assumptions,
including
assumptions
relating
to
acquisition
price
of
taxi
leases.
For
a
discussion
of
risks
that
may
affect
our
medallion
ownership
leasing
economics,
please
see
slide
1

and
the
section
entitled
Risk
Factors
in
our
Proxy
Statement
filed
with
the
SEC.
(2)
Data
provided
to
Medallion
Management
by
fleet
operators
in
New
York
City
and
is
based
on
2009
averages.

Hypothetical Example of Taxi Fleet Economics: NYC

Hypothetical Example of Taxi Fleet Economics: NYC

(1)

(1)

EBITDA per Car per Year

Other Operating Costs

Insurance

Vehicle Costs

Medallion Owner Lease

Payments

Operating Expenses

Revenues (*\$120 per shift*)

Fleet Taxi Economics

Fleet Taxi Economics

(2)

(2)

\$ 18,000

\$
(7,000)
\$
(10,000)
\$
(13,000)
\$
(30,000)
\$
78,000
Acquisition Price/
EBITDA
Acquisition Price per
Taxi Lease
Fleet Management Valuation
Fleet Management Valuation
Less than 2.0x
\$ 30,000

Our management team's assessment will also analyze the ability of medallion lessees to support lease payments based on an analysis of fleet owners business economics, as illustrated by the following table:

Our management team will also assess possible purchases of fleet operations which we believe in New York City may be available for purchase at less than 2X EBITDA as illustrated by the following:

15
Assumes
Assumes
Medallions
Medallions
are
are
leased
leased
by
by
operator.
operator.
Numbers
Numbers
on
on
per
per
car
car
basis

basis

Hypothetical Combined Example
Hypothetical Combined Example
16
\$100
mm
of
Invested
Equity:
75%
Allocated
to
Medallions
and

25%

to

Fleet

Management

\$ in millions, except per share data

Taxicab Fleet

Medallions

Management

Total

Invested Equity (1)

\$ 75

\$ 25

\$ 100

Debt (1)

\$ 150

\$ 25

\$ 175

Acquired Value

\$ 225

\$ 50

\$ 275

Pro Forma Revenue

\$ 11

(1)

\$ 130

(1)

\$ 141

Net Income Margin Range

12% -

17%

Pro Forma Net Income

\$ 20

(1)

Pro Forma Earnings Per Share

\$ 2.04

(1)

Return on Equity

20.5%

(1)

Medallion Appreciation Range

4.9% -

9.8%

(1)

ROE With Increase in Value Through Medallion Appreciation

31.5% -

42.5%

In considering a medallion purchase in individual markets, our management team will, as illustrated by the table below, assess the return profile from the assets taking into account lease income that may be earned from the medallion, availability and cost of debt financing and the potential for appreciation in medallion prices based on the historical record in the market:

Note (1): All financial numbers assume equity is fully deployed with 75% allocated to medallion acquisitions (40% in New York City and 35% in other markets) and 25% to purchases of taxi fleet managers. Leverage on medallions is assumed to be 2:1 debt to equity and 1:1 for debt to equity. (i) applies the average lease income yield across markets with \$78,000 of revenues per acquired taxi lease, (ii) applies the mid-point of estimated medallion valuations, (iii) divides pro forma net income by \$100 mm of deployed capital, (v) assumes 9.8% represents long-term average and that 4.9% represents current average. Note: This hypothetical is an example of the type of analysis Medallion Management's management team might perform in all cases that may be pursued by Medallion management, is for illustrative purposes only, does not represent actual or expected returns from these medallions. Management's actual allocation of capital, ability to secure leases for the medallions, achieve anticipated lease revenues, the cost of capital, and the value of the medallions. There can be no assurance that medallions valuations will continue to increase at historical rates or at all in as much as they have increased and may decline again. Actual returns will depend on Medallion Management's ability to purchase fleet operations, lease the medallions, and the value of the medallions. For a discussion of risks that may affect our businesses, please see slide 1 and the section entitled "Risk Factors" in our Proxy Statement.

Selective use of leverage

Medallions can be financed at between 2x and 5x leverage at attractive rates

Many banks, conduits and Medallion Financial are active lenders

Anticipate paying quarterly cash dividends upon commencement of the first fleet medallion acquisition

Most

if

not

all

of

the

initial

dividends

attributed

to

medallion

ownership

will

not be taxed on a current basis

Dividends are a return of capital to the extent the taxable income is less than zero due

to the depreciation of the taxi medallions for tax purposes

Substantial portion of our quarterly distributions is not expected to be made out of

our taxable net income and will not result in immediate taxable income to U.S.

taxpayers

Financing and Dividend Policy

Financing and Dividend Policy

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Dividend Yield Analysis

Dividend Yield Analysis

Once
capital

is
fully

deployed,

Medallion

Management

anticipates

paying

out

about 25%-50% of its Operating Net Income to shareholders as a dividend

This payout ratio implies a dividend yield of 5.1% to 10.2%, as compared to trust value of \$9.96 per share

5.1%

6.1%

7.2%

8.2%

9.2%

10.2%

0%

2%

4%

6%

8%

10%

12%

25%

30%

35%

40%

45%

50%

S&P 500 Avg.

dividend of 2.2%

Net Income Payout

Net Income Payout

Dividend Yield

Dividend Yield

18

Superior and relatively uncorrelated asset returns available to owners with historical ROEs of over 30%

Only public company to primarily own and operate medallions

Attractive ancillary business opportunities exist across the taxicab industry

Advantageous tax treatment of medallions enables favorable distributable income

Substantial founder investment with strong alignment of interests

Proprietary access to the medallion market; local presence in key markets

Respected management team with nearly 100 years of combined experience in the taxicab industry

Investment Conclusions

Investment Conclusions

19

Appendix
Appendix
20

Summary Financial Overview

Summary Financial Overview

21

(numbers in millions, except per share values)

No Share Conversion

\$100 mm Cash

Amount in Trust -

Pre Fees and Conversions

214.8

214.8

214.8

Less: Amount Paid Out for Share Conversion

-

-	
114.8	
Amount in Trust -	
Pre Fees	
214.8	
214.8	
100.0	
Less: Estimated Transaction Expenses	
(1)	
-	
6.1	
5.1	
Amount in Trust -	
Pro Forma	
214.8	
208.6	
94.9	
Shares Outstanding	
(2)	
21.6	
21.6	
10.0	
Trust Value per Share	
9.96	
\$	
9.67	
\$	
9.45	
\$	
Market Value per Share	
(3)	
9.90	
\$	
Trust Value Per Share vs. Pro Forma Trust Value Per Share	
Equivalent IPO Gross Spread	
(4)	
3.0%	
5.1%	
Multiple of Pro Forma Cash Per Share	
(5)	
1.03x	
1.05x	
Notes	
(1) Represents fees payable at close	
(2) Shares outstanding following the transaction includes 25,000	
previously issued shares	
(3) Share price as of November 30, 2009	
(4) Represents the percentage discount of the pro forma trust value per share relative to current trust value	
(5) Represents ratio of current trust value per share to pro forma trust value per share	
Trust Value at Conversion	

Trust Value at
November 30, 2009

Warrant Amendment
Warrant Amendment
Restructuring
terms
of
the
warrants
for
the
benefit
of
shareholders

Increase exercise price from \$7.00 to \$12.00

Extend maturity by three years to 2015

Increase

redemption

call

price

from

\$14.25

to

\$18.75

for

IPO

warrants

Prohibition of cashless exercise for IPO warrants

Following

the

transaction

there

will

be

27.6

million

warrants

outstanding

Warrants

provide

new

equity

capital

at

a

20%+

premium

to

current

trust

value

per

share

Transaction

requires

approval

of

a

majority

of

warrant

holders

22

Taxicab Facts in NYC
Taxicab Facts in NYC
There
are
more
than
470,000
taxi
trips
per
day
More
than

85%
of
all
taxi
trips
begin
or
end
in
Manhattan;
at
some
times
of
the
day,
more
than
half
of
all
vehicles
in
Midtown
are
yellow
cabs
Passengers
spend
more
than
\$2
billion
on
taxi
fares
each
year
Taxis
generate
tens
of
thousands
of
jobs
Current
taxi
ridership
stands
at

approximately

240

million

passengers

making

more

than

170

million

medallion-cab

trips

per

year

Source: Taxi 07: Roads Forward

23

Symbol: HMR
Symbol: HMR
24