IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	)	Chapter 11
LOS ANGELES DODGERS LLC, *et al.*,[1]	)	Case No. 11-12010 (KG)
	)	(Jointly Administered)
Debtors.	)	**Hearing Date: October 31, 2011 at 12:00 p.m.** **Re: Docket No. 443, 476**

DECLARATION OF EDWIN S. DESSER IN SUPPORT OF MAJOR LEAGUE BASEBALL'S (1) OBJECTION TO LOS ANGELES DODGERS LLC'S MEDIA RIGHTS MOTION, AND (2) MOTION TO TERMINATE EXCLUSIVITY

I, Edwin S. Desser, declare as follows:

1. I submit this Declaration in support of the Office of the Commissioner of Baseball's, doing business as Major League Baseball ("Major League Baseball"):

> (i) Objection (the "Objection") to the Motion For Orders: (I) Approving Marketing Procedures For The Licensing Of Telecast Rights, Including The Scheduling Of An Auction, Objection Deadline, And Disposition Hearing; And (II) Approving And Authorizing The Licensing Of Telecast Rights To The Highest And Best Bidder [Docket No. 443] (the "Media Rights Motion") filed by Los Angeles Dodgers LLC ("LAD"), which requests, among other things, entry of an order: (a) approving certain marketing and bidding procedures (the "Bidding Procedures") for a sale of the rights to telecast approximately 150 Los Angeles Dodgers (the "Dodgers") games per year commencing in 2014 (the "Media

[1] The Debtors, together with the last four digits of each of the Debtors' federal tax identification number, are: Los Angeles Dodgers LLC (3133); Los Angeles Dodgers Holding Company LLC (4851); LA Holdco LLC (2567); LA Real Estate Holding Company LLC (4850); and LA Real Estate LLC (3029). The location of the Debtors' corporate headquarters and the service address for the Debtors is 1000 Elysian Park Avenue, Los Angeles, California 90012.

Rights"); (b) scheduling dates for both an auction (the "Auction") and sale of the Dodgers' Media Rights under section 363 of the Bankruptcy Code (the "Media Rights Transaction") and a hearing to consider approving the sale of the Media Rights to the highest and best bidder at the Auction (the "Successful Bidder"); and (c) finding provisions in the existing telecast agreement (the "Fox Telecast Agreement") between LAD and Fox Sports Net West 2, LLC ("Fox Sports") unenforceable, and

(ii) Motion To Terminate Exclusivity Or, In The Alternative, To Compel The Debtors To Seek Assumption Or Rejection Of The Baseball Agreements filed on September 23, 2011 [Docket No. 476].

2. My review of the relevant materials was conducted on an expedited basis, and I reserve the right to amend or supplement this declaration and my opinions as appropriate.

A. My Qualifications and Expertise

3. I am the President of Desser Sports Media, Inc. ("DSM"), a California-based ownership and management consultancy serving the strategic media business needs of the sports television industry. I was born and raised in Los Angeles. I have a B.A. in Economics from UCLA and an MBA in Marketing from University of Southern California. I have more than 35 years of experience working in the sports media industry. I spent 23 years in the Commissioner's Office of the National Basketball Association, ultimately serving as President of NBA Television and New Media Ventures, L.L.C., and Executive Vice President, Strategic Planning and Business Development, where I was the chief negotiator for all NBA national media agreements, including those with CBS Sports, NBC Sports, ABC Sports, ESPN, Turner Sports (TBS and TNT), Fox, Comcast, and unaffiliated Regional Sports Networks ("RSN"). I also spearheaded the launch of NBA TV, the first league-owned national cable sports

network. In addition, I designed and launched nba.com; created NBA League Pass; established the league's broadcast regulatory framework (including rules pertaining to and fostering the development of RSNs); and assisted many NBA teams in connection with the negotiations of their respective regional media rights deals. Prior to joining the NBA, I was the Director of Broadcasting and Executive Producer for the Los Angeles Lakers and Los Angeles Kings, where I began the research and planning for what became the first RSN in the Los Angeles market, which was owned in part by the teams, and today is known as Fox Sports Net West. In 2005, I founded DSM, also located in the Los Angeles area, where I specialize in strategic media planning, performing rights valuations and creating business plans for RSNs, conducting national and international media rights negotiations, and generally assisting professional sports teams and leagues in maximizing the value of their media rights. Together, I have 17 years of experience directly in the Los Angeles sports and media marketplace, and 23 more in the industry while based in New York. A copy of my curriculum vitae is attached hereto as Exhibit A.

4. I have advised a substantial number of professional sports teams with respect to their media rights, including MLB Clubs such as the Houston Astros and the Washington Nationals. I have also advised potential purchasers of the Chicago Cubs with respect to media rights issues. Other recent examples of my work include: (i) negotiating local media agreements for the Detroit Pistons, Phoenix Suns, Miami Heat, Dallas Mavericks, San Antonio Spurs, Oklahoma City Thunder, Minnesota Timberwolves, and Milwaukee Bucks with various Fox-owned RSNs in those teams' respective markets and (ii) advising the Houston Astros, Houston Rockets, Sacramento

Kings, and Portland Trailblazers with respect to deals to launch new Comcast RSNs featuring those professional sports teams. I have also participated in a rights arbitration process involving the New Jersey Nets and the YES Network, and negotiated programming rights and cable network distribution deals with major cable, telecommunications and satellite operators including Comcast, Time Warner Cable, Cox, Verizon, AT&T, DirecTV, DISH, and Cablevision.

5. I also have extensive experience with respect to the Los Angeles market for media rights. Recently I led the Los Angeles Lakers in connection with the biggest regional sports media rights deal in TV history and the country's most significant RSN transaction in nearly a decade. In connection with that transaction, I created a business plan for a Los Angeles English and Spanish RSN, performed a team rights valuation, executed market research related to the attractiveness of various teams in the market to subscribers of major cable and satellite operators, and negotiated or discussed a potential business relationship with Fox, Time Warner Cable, AT&T, Verizon, DIRECTV, CBS, and other potential team rights purchasers/backers including investment bankers and private equity funds. I have also negotiated on behalf of or advised the Los Angeles Clippers, Los Angeles Kings, Los Angeles Galaxy, Chivas USA, and the California Interscholastic Federation (California High School Championships) with respect to arrangements with Los Angeles RSNs as well as over-the-air TV stations in the Los Angeles market including KCAL, KCOP, KDOC, KTLA, and KWHY, and Los Angeles radio stations KLAC, KWKW and KSPN. I have also worked on a variety of projects for Staples Center and professional sports owner and developer Anschutz Entertainment Group.

B. Relevant Information Regarding The Media Rights Industry Is Not Available From Newspapers

6. The media rights advisory industry for professional sports teams is a relatively small, unique corner of the entertainment business. There are only a handful of well known and respected professionals with relevant expertise in the media rights market for professional sports teams. I am unaware of Peter Cohen and Timothy R. Coleman, both of Blackstone Advisory Partners L.P. ("Blackstone Advisory"), and have never seen either of them in any sports deal in which I participated. It did not appear from their resumes that either Mr. Cohen or Mr. Coleman has direct relevant experience in the media rights market for professional sports teams. It appears that Mr. Cohen has some experience with respect to newspaper assets, but newspapers are significantly different than telecast media rights for a professional sports team.

7. Mr. Cohen says he relies on newspaper reports for his opinions. (Cohen Declaration ("Cohen Decl.") [Docket No. 444] at ¶ 9, n.3) Publically available data and reports in the news media regarding other media rights transactions involving professional sports teams do not provide a reasonable basis to offer an expert opinion regarding the market for media rights. Based upon my first hand experience, reports in the press, other public media outlets, and syndicated media information services are often factually inaccurate and misleading with respect to material aspects of media rights transactions.

C. Summary Of Opinions

8. Based on my experience and expertise with respect to professional sports media rights, I have formed the following opinions regarding the Bidding Procedures and proposed sale of the Media Rights, as explained herein:

(1) An auction of the Media Rights at this time likely would not succeed.

(2) An auction would not maximize the value of the Media Rights and would not be in the best interests of the Dodgers franchise.

(3) The Bidding Procedures are not appropriate for selling the Dodgers' media rights.

D. A Premature Sale Cannot Be Justified Based On Speculation That The Market Will Decline

9. In his declaration, Mr. Cohen states that "[w]hile the current market in Los Angeles for sports telecast rights is vibrant, there is no assurance that market conditions will remain as favorable in the future." (Cohen Decl. ¶ 20) Mr. Cohen further asserts that "[t]here is an inherent risk of decline, both in terms of the overall economy, and the sports media landscape in particular." (Id.) Accordingly, Mr. Cohen contends that because "the current market is so favorable to implementing a transaction involving the Telecast Rights, it is [his] opinion that LAD should move forward without delay to market and license [the Dodgers' media] rights." (Id.) Mr. Cohen offers no support for his assertions that the market for media rights in Los Angeles is at risk to decline and therefore now is the time to license the Dodgers' media rights.

10. Based on my experience and expertise, I believe that the market in Los Angeles for professional sports media rights will continue to grow. There is no indication that the media rights market in Los Angeles, a particularly attractive market, has peaked or even slowed in its growth rate. In fact, in my 35-year career, I have never seen a downward trend in local rights fees for Major League teams. There is certainly nothing about the current market for media rights in Los Angeles that would indicate that there is any more of a risk of decline than a likelihood of continued improvement and growth. Importantly, the majority of funds used to pay for media rights

flows through mid-term to-long-term cable and satellite affiliation agreements, which include annual escalations. Because that driver of value is increasing, we can be fairly confidant the upward trend will continue. Indeed, every recent, sizeable major league media rights transaction in the Los Angeles market has substantially topped the prior deal (e.g., Los Angeles Clippers, Los Angeles Lakers, Los Angeles Kings, and the Pac-12).

11. Rather than decline in value, I believe that the market for the Media Rights will improve going forward. Sports media rights are unique and scarce. They are "DVR-proof," meaning that viewers overwhelmingly tend to watch the broadcast live, with advertising, rather than record them for later viewing, where the advertisements can be skipped. Sports broadcasting is only becoming more valuable as the broader television market matures and multi-channel and on-line competition causes networks and distributors to rely and pay a premium for more popular professional sports programming to maintain their respective viewership and subscriber bases.

12. Based on industry trends, I believe that LAD might be able to get 10-20% more for the Media Rights if they wait a year or two to market and license those rights.

E. An Open Market Is Required To Maximize The Value Of The Media Rights

13. In order to maximize the value of media rights, the sale transaction should occur in an open market. In my experience, a team practicing sound business judgment diligently explores all the options which are available, has in-depth discussions to get to know and estimate the interest levels of various potential parties to a deal or deals, determines the best allocation and/or division of rights between one or

more of those parties in a manner designed to maximize revenues and all other benefits flowing from such arrangements, balances attendant risks, and then commences detailed negotiations covering a wide variety of customized issues, that are particular to the team and those parties' specific needs.

14. Here, the Fox Telecast Agreement does not expire until after the 2013 season, and I understand that Fox Sports has certain exclusivity rights which include (i) a right of first negotiation through November 30, 2012 on any Media Rights Transaction, (ii) a right to receive a final binding team offer following the exclusive period, and (iii) a right of first refusal on any Media Rights Transaction of less value than the final team offer (the "Fox Exclusivity Provisions"). Such exclusive negotiating rights are common and extremely valuable, and are valuable for a reason: they have a significant impact on a team's ability to maximize the value of media rights into the future. With the exclusivity rights in the Fox Telecast Agreement, LAD is not able to go out and test the market for the Media Rights. Only after the exclusive negotiating period expires will LAD be free to solicit offers from, and negotiate with, other parties regarding a sale of the Media Rights. LAD should not expect to receive the best offer for a new Media Rights deal from Fox Sports until the end of the exclusive negotiating period, or until sometime thereafter.

15. It is not a feasible option to simply breach the Fox Exclusivity Provisions by trying to auction off the Media Rights now notwithstanding the resulting damages that Fox Sports might be entitled to under the Fox Telecast Agreement as discussed below.

F. An Auction At This Time Likely Will Not Succeed

16. Going forward with the proposed auction pursuant to the Bidding Procedures proposed by LAD at this time will not generate the type of competitive bidding necessary to maximize the full value of the Media Rights.

(1) Breach Of The Fox Telecast Agreement Will Chill Bidding

17. As a threshold matter, the Bidding Procedures propose a sale of the Media Rights that will potentially violate the Fox Telecast Agreement. I understand that Fox Sports has already sued LAD and the Debtors based on the Media Rights Motion. [Docket No. 494] This would likely chill bidding on the Media Rights in a number of ways.

18. One, it would likely be difficult to attract potential bidders, and to obtain the best price from those willing to bid, where the proposed sale of the Media Rights would put LAD in breach of the Fox Telecast Agreement. Most, if not all, potential bidders would be uncomfortable bidding on the Media Rights where their participation in the bidding process could subject the Dodgers, and possibly themselves, to a substantial damages claim and litigation with Fox Sports. The uncertainty of the claim will discourage bidding. And for the Dodgers, the additional value that they could generate by selling in an open market could be eliminated or worse if Fox Sports prevailed in litigation. I understand the Bankruptcy Court has recognized this issue, noting that to the extent the Debtors are wrong about their ability to breach the Fox Telecast Agreement, "their planned sale may be of little or no benefit and may not represent sound business judgment." See Order Scheduling Evidentiary Hearing [Docket No. 508] at 4.

19. Two, potential bidders would be reluctant to enter into a transaction with respect to the Media Rights with partners such as LAD and Mr. McCourt who would be breaching their agreement with Fox Sports to initiate the sale in the first place. It is very important in the context of entering into a long-term media rights transaction, particularly any such transaction that includes an equity partnership in an RSN, to have confidence that the counterparty will be a good partner, will honor its obligations and will not take any action that undermines the transaction or harms the potential for mutual success. Here, LAD and Mr. McCourt would be breaching the Fox Exclusivity Provisions, which include (i) a right of first negotiation through November 30, 2012 on any Media Rights Transaction, (ii) a right to receive a final binding team offer following the exclusive period, and (iii) a right of first refusal on any Media Rights Transaction of less value than the final team offer. These types of back-end rights are, from the perspective of any prospective purchaser of the Media Rights, some of the most important provisions of any telecast agreement, with huge strategic value. These types of provisions are not mere boilerplate, but rather are heavily negotiated and often included as the very first provisions in a telecast rights term sheet used in the negotiations. Thus, any potential bidder would have serious concerns about bidding on the Media Rights where LAD and Mr. McCourt have breached the Fox Telecast Agreement in any way, and particularly so with a breach of the back-end rights.

20. Three, as I understand it, a breach of the Fox Telecast Agreement alone would also subject the Dodgers to potential discipline from Major League Baseball, including potential termination from Major League Baseball. No knowledgeable party will bid for the Dodgers' Media Rights where the proposed sale

would put LAD in breach of the Fox Telecast Agreement and subject the Dodgers to potential revocation of its franchise.

(2) The Premature And Condensed Auction Will Limit The Number Of Potential Bidders And Depress Value

21. The Bidding Procedures also propose a premature and artificially confined period of time for the sale of the Media Rights that will not maximize the number of meaningful potential bidders. In the context of such a limited auction process, there will likely only be a relatively small set of qualified potential bidders with the capability to bid aggressively and perform, likely just Fox Sports and Time Warner Cable. Major corporations typically do not enter into new multi-billion dollar long-term commitments on a whim. Business plans, board approvals, integration with long-term strategic plans, rates of return, hurdle tests, impact on equity markets, and capital financing must all be considered before a new enterprise can be contemplated. These real-life matters can take many months.

22. Contrary to Mr. Cohen's assertion, it is highly unlikely that a significant number of meaningful potential bidders will participate in any auction for the Media Rights at the drop of a hat. While Mr. Cohen suggests that Time Warner Cable's competitors may be interested in starting their own RSN with the Dodgers in Los Angeles, it is much more likely that Charter (which has just a small operating footprint in the Los Angeles market and has never shown an inclination to invest in such properties even with Paul Allen, owner of the Seattle Seahawks and Portland Trailblazers, as its primary owner), Dish Network (which has typically avoided carrying new sports networks at all and has maintained a low-cost, low sports programming business model) or DirecTV (which despite owning three RSNs, elected not to even pursue a top Los

Angeles sports property, the Los Angeles Lakers, when their rights were available earlier this year) would have no interest in bidding on the Media Rights in such a condensed process at this time.

23. Furthermore, media rights transactions are extremely complex and typically take 6-18 months to fully negotiate and document. Indeed, the recently announced Time Warner RSN featuring the Los Angeles Lakers with took almost three years to negotiate. The proposed auction process does not allow for sufficient time to negotiate a successful media rights deal.

24. In contrast, a sale of the Media Rights after the expiration of the Fox Exclusivity Provisions at the end of 2012, and without the confined auction process in bankruptcy as proposed in the Bidding Procedures, would likely generate a larger number of meaningful, qualified potential bidders, in addition to a better match with the Dodgers.

(3) An Auction In Bankruptcy With McCourt Remaining As Owner Will Chill Bidding And Depress Value

25. The Bidding Procedures also will not generate significant competitive bidding where there are concerns about the owner of the Dodgers, Mr. McCourt, and the Media Rights are being sold out of bankruptcy. The value of the Media Rights is dependent on the success of the Dodgers, and the perception of the team's future success. Here, the Club has been on a downward spiral, with the fans having lost faith in the current owner. Buyers of media rights are sophisticated business people, who look to team performance, attendance, public sentiment, and TV ratings trends as legitimate barometers of future success, and therefore the continued control of the Club by Mr. McCourt could negatively impact the value of the Media Rights.

Furthermore, encumbered assets have a diminished value. Any potential bidder would likely have serious concerns regarding the capitalization of the Dodgers coming out of bankruptcy, with implications on future player and management talent, where Mr. McCourt remains as the owner, particularly if Mr. McCourt is still in a dispute with Major League Baseball. Buyers of media rights want to know that their payments are being invested by the Club in the product they are buying, and not diverted to other uses from which they do not benefit. This virtuous circle has helped propel the value of team media rights higher and higher the past couple of decades, enhancing promotional efforts and encouraging further investment by rights holders throughout the sports television industry.

26. Furthermore, the best time to sell a team's media rights is typically when the team is at its best in order to maximize the value obtained. Here, the Dodgers are in a rut, with a substantial decline in attendance and an owner that has lost the support of the fans. Now it not the time to sell the media rights, when their value will be depressed by the current poor condition of the Club. Particularly given the importance of the proposed long-term media rights deal, the Dodgers' first priority should be to improve the team in order to improve the team's bargaining position with respect to the Media Rights, which including making improvements to Dodger Stadium, investing in quality players and working to bring the fans back. Only after the Club is back on solid footing will the Club have the bargaining power to canvass the competitive market to maximize the value of the Media Rights.

G. The Bidding Procedures Are Not Appropriate For Selling The Dodgers' Media Rights

27. In any event, the Media Rights do not lend themselves to an auction process as proposed by the Debtors. The Bidding Procedures will not maximize the value of the Media Rights because (i) the Media Rights are not the type of asset whose value can be easily and fairly determined through a simple auction in bankruptcy, (ii) the Bidding Procedures and proposed auction are not designed to secure the best media partner(s) for the Dodgers, and (iii) the Bidding Procedures do not establish a sufficient set of rules to allow for the construction and comparison of meaningful bids in a competitive process.

28. First, the Media Rights are not a hard asset, like a warehouse, that simply can be auctioned off indiscriminately to the highest bidder. The Media Rights are a very complex bundle of interrelated intellectual property assets, opportunities, obligations, procedures, and protections extending well into the future. The value of telecast rights to the purchaser is integrally linked to the value of the underlying asset from which they are derived—in this instance, the Dodgers and their membership in Major League Baseball. The true value of the Media Rights is reached only when the team enters into a binding agreement licensing them, and the specific terms of any proposed licensing agreement are customized for the particular parties in the transaction, including but not limited to exclusive use provisions, grant and retention of rights (including new media and non-English languages), game scheduling procedures, replays, accommodation of national league arrangements and rights and scheduling adjustment procedures for lost or rescheduled games, network coverage and distribution obligations, advertising sales rights and restrictions including protections

afforded to team sponsors and facilitation of the sale of network inventory, production and game presentation responsibilities like High Definition, number of cameras, replay devices, selection of on-air talent, producers, directors, promotional obligations, ancillary programming (pregame, postgame, highlight, weekly & coaches shows, etc.) production and scheduling, trademark licensing, term and back-end rights. It is these terms, in addition to the rights fee, that determine the true "value" of the rights to both the buyer and the seller. The distinct and different terms proposed in any telecast agreement may create or detract from the ultimate value. Thus, it is not just a matter of selling the Media Rights to the highest bidder and being done; the Dodgers' long-term Media Rights are not the type of asset whose value can be easily and fairly determined through a simple bankruptcy auction process.

29. Second, the Bidding Procedures are not designed to identify the best media partner(s) for the Dodgers. A sports media deal is not just about money compensation (e.g., rights fees, equity, and advance payments as identified in the Bidding Procedures). Any sale of the Media Rights must necessarily account for the ultimate distribution of those Media Rights. Any upfront value from the sale of the Media Rights must be balanced against the risk that the Media Rights cannot be successfully distributed in the Los Angeles market, which is already saturated with a number of other RSNs (see infra ¶ 48). Similarly, any sale of the Media Rights must be carefully coordinated with the Club's other marketing efforts and designed to secure the best media partner(s) for the Club. There is a symbiotic relationship between a professional sports team and its media rights holder. One of the most important things that the sale of media rights does, other than generate important rights fees, is drive

attendance and fan avidity, which is vital to gate revenue, parking revenue, concessions revenue, sponsorship revenue, and the excitement of being at the game. The level of exposure of the media rights (broad availability vs. pay-per-view or exclusive availability via a single distributor or platform) is also a key factor which was not addressed in the Bidding Procedures but directly impacts the health of a team. The higher the viewership, the better the promotional value. Higher promotional value increases attendance, and the better the media product becomes. A game telecast frequently showing a sea of empty seats in the outfield does not help convey excitement and a must-see event experience.

30. The Dodgers presently have an “over-the-air” partner, KCAL, and a “cable” partner, Fox Sports Prime Ticket, in addition to a marketing/VOD agreement with Time Warner Cable, a new radio agreement with KLAC and a digital rights agreement with AMN. Each of these deals required synchronization and integration into the Dodgers’ business operation to successfully achieve revenue maximization and to practically and effectively co-exist with one another. Not only are matters of fees relevant, but the public exposure of the team provided by the various partners, production quality, promotional campaigns to generate ticket sales and viewership, and provisions to balance the needs of team sponsors against those of telecast advertisers, and a great many other matters all must be carefully weighed as part of the negotiations. All counterparties are not equal, and a media partner’s ability to deliver valuable non-cash consideration and other benefits beyond just money are also vital to the team’s success.

31. The importance of the correct media partner(s) cannot be ignored, and sufficient lead-time is necessary to secure the right partner(s). A number of RSNs involving professional sports teams have failed where the team was not adequately prepared, where it lacked internal or external key resources, or didn't have the needed partnership arrangements. Thus, the choice of the Dodgers' media partner(s) will have a major ongoing impact on the successful operation of the Club, and the "best" financial deal might not be the best overall deal for the Club after taking into account the distribution and media benefits that a prospective partner may have to offer.

32. Third, the Bidding Procedures do not establish an adequate framework to allow for the comparison of competing bids. It is impossible to compare different bids for media rights without taking into account innumerable different factors. Here, the Bidding Procedures will "offer prospective bidders sufficient flexibility to structure their bids as they see fit." (Media Rights Motion at ¶ 32) Thus, LAD has not specified the form of the proposed licensing agreement and there will be little ability to directly compare or mix and match competing bids to maximize the value obtained. For comparisons to be made in a bankruptcy auction, the Bidding Procedures would need to have a set of well articulated rules custom designed for the specific market—not a boilerplate procedure applicable to common Chapter 11 assets—so that bidders can construct meaningful bids in a competitive, comparative process. But, for the reasons detailed above, such a process is not likely to result in the best and most valuable transaction for the Dodgers because it will limit the degree to which each qualified bidder is able to craft a proposal that will maximize the value of the transaction to its unique circumstances.

33. Competing bids for media rights generally cannot be compared side-by-side in an auction process. One particular component that would be extremely difficult to compare as between competing bids in any auction is an equity interest in an RSN, which is a potential term of the Media Rights Transaction. Valuing an interest in an RSN is impossible without analyzing numerous additional facts that require substantially more time-consuming study, investigation and analysis than the proposed process provides. For instance, to value an ownership stake in an existing RSN, it is important to have access to the networks' books and records, affiliation contracts and programming agreements, and to be able to assemble a projection of future performance. To consider a new RSN, it is necessary to know its business plan, prospects for distribution agreements, access to backdrop and other major attractive programming, ability to handle sales, technical operation, production of games and support programming, the marketing of the new channel, market research, the company's track record for previous new launches, and many more details. This data is required in order to assess the likelihood for success, the related risk of selecting this particular partner, and the expected returns and asset value created. Percentages of equity in different entities in different stages of development with different risk profiles are not equal. A larger amount of cash license fee from a start up may have much less value to a team than a smaller license fee from an established entity. If the team is to consider starting its own RSN, funding for the capital expenditures will need to be arranged, and consideration given for contingency plans to pay the team rights fees and cover production costs if distribution negotiations languish, as they typically do. Because of the time and amount of information that is necessary to analyze competing

bids that include such varied components as different types of equity interest in an RSN, an auction process as proposed by the Debtors is simply not suitable for a sale of the Media Rights. It is not surprising that I can not recall a single instance of team media rights being auctioned in this manner, in all my years in this industry.

H. Selling The Media Rights Now Will Not Maximize The Value Of The Club

34. Mr. Cohen contends that entering into a long-term contract for the Media Rights today will enhance the value of LAD's assets. (Cohen Decl. ¶ 27) In support of his position, Mr. Cohen states that a sale of the Media Rights at this time will (i) "provide certainty to any potential purchaser that any such transaction will not be rejected by the Commissioner" and (ii) "a new Telecast Rights deal will almost certainly generate significant additional cash flow for LAD on a long-term basis, thus providing greater predictability with respect to the future revenue stream associate with media rights." (Id.)

35. Based on my experience and expertise, the Club would ultimately be worth more if the Media Rights are not locked-up in a long-term deal and a new, well capitalized purchaser has the opportunity to negotiate a new Media Rights deal, without duress, after taking over.

36. First, as addressed above, I believe that the value of the Media Rights will increase over time. (See supra ¶¶ 9-12)

37. Second, as discussed above, it will be virtually impossible to maximize the value of the Media Rights where there is a breach of the Fox Telecast Agreement and the Dodgers are burdened with a substantial damages claim by Fox Sports. A new owner will not want to buy a lawsuit.

38. Third, there is no value in the Media Rights or for that matter the team if the team is terminated by Major League Baseball, which I understand is a possibility here.

39. Fourth, any prospective purchasers of the Dodgers would likely want to negotiate their own media rights transaction. Persons in a financial position to buy an MLB Club are usually very successful business people, and typically believe themselves to be capable of out-negotiating others. A prospective purchaser believing he or she can negotiate a better deal, without the financial duress under which Mr. McCourt apparently is operating, should then be willing to pay more for the team based on that expectation of higher future media rights revenues than what would be obtained through the proposed auction.

40. Fifth, locking-up the Media Rights now likely would decrease the number of parties interested in purchasing LAD's assets. Specifically, it would likely eliminate other media companies' interests in buying the team. Media companies often purchase professional sports teams. For instance Fox owned the Dodgers before Mr. McCourt. Turner Broadcasting formerly owned the Atlanta Braves, Comcast owns a substantial interest in the NHL Philadelphia Flyers and is in the process of selling the Philadelphia 76ers, Disney used to own the Los Angeles Angels and NHL Anaheim Ducks, the Chicago Cubs were long owned by the Tribune Company, AT&T is an owner of the NBA San Antonio Spurs, Fox owns an interest in the Colorado Rockies, and Rogers Communications owns the Toronto Blue Jays. Until recently, Cablevision owned Madison Square Garden (which consists of the NBA New York Knicks and NHL New York Rangers), and the owners of Cablevision still own and control those teams. A

media company's interest in owning a professional sports team is largely about carrying that team's sports programming. Accordingly, media companies are highly unlikely to purchase the Dodgers if the team is locked into a long-term media rights deal with another media company.

41. Sixth, to the extent the proposed Media Rights Transaction contemplates an upfront payment, there will be less cash available to the Club in the future. Where a team (or in this case apparently an owner) needs upfront cash, counterparties such as Fox Sports use that as leverage to negotiate media rights deals on more favorable terms for them with less value to the team, sacrificing the rights fees in the future and harming the team's future operations. The portion of upfront fee in the previously proposed Fox telecast agreement is the largest I have ever seen by far.

42. Here, I understand that a sale of the Media Rights at this time will likely result in substantial funds being diverted to pay Mr. McCourt's personal debts. Because every dollar diverted by Mr. McCourt is a dollar less for the Club, this would have the impact of leaving the Dodgers less well-capitalized and with less cash flow generation from the value of the Media Rights. Indeed, such a diversion of revenues would decrease the value of the Club more than dollar for dollar, as professional sports teams typically sell at a multiple of 3-4 times revenues. If annual revenues are diverted, for instance by taking a lower rights fee for the Club in exchange for a higher upfront fee or a larger equity stake in an RSN outside the Club as discussed below (see ¶ 45), then the team's value would decrease by a multiple. Further, a sale of one MLB Club is important to future sales of other MLB Clubs. Buyers and sellers typically rely on other sales as comparable transactions. Therefore, a decrease in value for a sale of a

prestigious team like the Dodgers would negatively impact the future sales market of other MLB Clubs.

43. Seventh, if the equity value in an RSN was held outside the Club, a potential purchaser of the Dodgers might not necessarily have as much control over the manner in which Dodgers' games are telecast. That situation would also tend to decrease the value of the team.

I. An RSN Transaction Will Not Benefit The Dodgers

44. A significant premise of the Media Rights Motion is the potential value of an RSN devoted exclusively to the broadcast of Dodgers games. However, the proposed RSN transaction will not benefit the Dodgers where value from the Media Rights is diverted through the acquisition of the RSN interest by an entity other than the Club. Nor does it appear that Mr. McCourt is sufficiently well capitalized to start a Dodgers-owned RSN. LAD also ignores the significant risks associated with launching a Dodgers RSN in an already saturated market and relies on purportedly comparable transactions that are inapplicable.

45. One, as currently contemplated, the proposed sale of the Media Rights would transfer value from the Media Rights through an equity interest in an RSN held outside the Club. The Media Rights basically have a single value. That value can be recovered through rights fees, equity in an RSN or some combination of such consideration. Thus, every dollar available in equity in an RSN is a dollar that is not available in rights fees. Here, LAD contemplates that the Media Rights Transaction would include an equity stake in an RSN that would be held by a newly formed direct or indirect subsidiary of debtor LA Holdco LLC ("Holdco"), outside and apart from the

Dodgers. (Media Rights Motion at 8, n. 8; Cohen Decl. ¶¶ 21, 22) Value from the Media Rights that is monetized in an RSN interest held outside the Dodgers would be value transferred away from the Club. Because every dollar from a sale of the Media Rights that is diverted to an RSN held outside by Club is a dollar less for the Club (either through rights fees, an upfront payment or otherwise), this would leave the Dodgers with less of the value generated from a sale of the Media Rights.

46. Two, it takes a considerable amount of capital to start an RSN and any prospective owner of a new RSN needs to be well capitalized. Here, it is my understanding that Mr. McCourt has significant liquidity issues, and Mr. McCourt by himself would likely not have sufficient capital to launch a Dodgers-owned RSN.

47. Three, while an RSN can be valuable and should still be explored, the value for any RSN is a product of a number of individualized factors including the specific market, specific timing and specific programming related to the particular RSN. Here, there are significant risks associated with launching a Dodgers RSN in the Los Angeles market.

48. For the past 15 years, Los Angeles had just two RSNs, both owned and operated by Fox Sports (Fox Sports Net West and Fox Sports Prime Ticket). In February 2011, Time Warner Cable announced the upcoming launch of two new Southern California RSNs featuring the Los Angeles Lakers (one English and one Spanish). This summer, the Pac 12 Conference also announced the formation of another new RSN in the market to feature UCLA and USC sports programming. So, long before the Dodgers could launch another RSN entry, the market will already have ample capacity for all the games of all the Los Angeles teams, and cable and satellite

distributors will be loathe to add still another costly, bandwidth consuming network, especially one devoted to the games of a single professional sports team. Trying to launch a sixth, Dodgers-only RSN in the Los Angeles market on the heels of these other new launches would be risky.

49. Mr. Cohen relies on a number of other RSNs to support his assertions. (Cohen Decl. ¶ 13) However, those RSNs are not applicable here. YES,[2] the network that carries the Yankees in the New York market, the largest media market by far, also carries a full season of games featuring the NBA New Jersey Nets. A year-round programming schedule of major league events is a far better proposition in the distribution market than a "part time" network with just one team, without a fall/winter pro schedule. Also, when YES launched a decade ago, there were only two existing RSNs in the market. SNY[3] carries the New York Mets and the Big East Conference, and its owners include the two largest local cable operators, Comcast and Time Warner Cable. Those potential partners are not likely available in the Los Angeles market for a Dodgers-only RSN, as Comcast has no meaningful distribution in the market and Time Warner Cable is already launching it own alternative networks. Mr. Cohen also mentions CSN Bay Area, but this is a mature network that has been in operation over 20 years, which also carries games of the NBA Golden State Warriors and NHL San

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[2] The Yankees Entertainment and Sports ("YES") Network is a New York City-based, regional cable television channel whose the primary sports programming consists of New York Yankees baseball games and New Jersey Nets basketball games.

[3] SportsNet New York ("SNY") is a New York City-based regional sports cable network which airs in the New York metro area and all of New York state, and nationwide via satellite. It is owned jointly by the New York Mets, Time Warner Cable, Comcast and NBC Universal. Its primary sports programming consists of the New York Mets and Big East Conference games.

Jose Sharks. CSN Bay Area is therefore broadcasting year-round, live major league sports programming, unlike the prospective Dodgers-only RSN.

50. Here, it would be particularly risky to launch an RSN with only the Dodgers. There have been a number of RSNs that have failed in large part because they only included the telecast rights to one professional sports team. The Minnesota Twins sought to launch “Victory Sports One” in 2003. Without any winter product (NBA Minnesota Timberwolves or NHL Minnesota Wild) and despite the Twins coming off a strong showing the previous season, the network was unable to secure broad distribution with major cable and satellite operators. Similarly, the Kansas City Royals attempted to launch Royals TV that same year, but were unable, without other product or a distribution partner, to secure sufficient distribution to continue. Shortly into the first season, the Royals, facing a public relations nightmare, were forced to return to Fox. Similar examples also exist in Charlotte and Portland with local NBA teams.

51. In the Los Angeles market, all the other major sports teams are already associated with RSNs, and the Dodgers would not have any other significant sports team to include in any new RSN. The NHL Los Angeles Kings recently extended their agreement with Fox on a long-term basis. The NBA Los Angeles Clippers are under contract to Fox for several more seasons. The Los Angeles Angels are expected to close a new transaction. USC and UCLA sporting events will be broadcast by the Pac-12 Network. Only the NHL Anaheim Ducks might be available in the near future but they do not currently have the market-wide strength to substantially improve the value equation to get a Dodgers RSN launched in short order, and I believe the Ducks have back-end rights obligations to Fox as well. Thus, it is important to evaluate a

potential RSN, but given the substantial risks, an RSN will not necessarily maximize the value of the Media Rights.

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52. Based on my experience in the professional sports industry, I understand that the business is dependent upon the support of the fans, who devote their precious leisure time and finite disposable income to “their” teams. Paramount to the fan-team relationship is the emotional investment that fans make in teams that they can believe in. That belief, and the hope that springs eternal from it for “their” team’s successful performance on and off the field, is rooted in their perception of the quality of the team’s ownership and its decisions. The owner is the proxy for the fan, and the enduring personification of the team brand. Long-term successful teams almost invariably have owners who understand and embrace this responsibility, and consistently execute it well. Fans will forgive a team that does not win, provided that they are convinced the owner is committed to and capable of making the necessary investments, and sound business and team personnel decisions that will enable “their” team to compete. In summary, I do not believe that the proposed Bidding Procedure or immediate sale of the Media Rights at this time is consistent with these principles and therefore is not in the best interests the Dodgers or the Dodgers’ fans.

I declare, under penalty of perjury under the laws of the United States of America, that the foregoing is true and correct.

Dated: Santa Monica, California
October 11, 2011

Edwin S. Desser
President
Desser Sports Media, Inc.

EXHIBIT A

Ed Desser is President of Desser Sports Media, Inc., a California-based sports consultancy serving the strategic media needs of the sports television industry. The company was founded in 2005, following Desser's more than 30-year career in sports media and radio and television. Its clients include the National Basketball Association, Detroit Pistons, Los Angeles Lakers, Anschutz Entertainment Group (AEG), Houston Astros and Rockets, Minnesota Timberwolves, Atlanta Hawks & Thrashers, Tampa Bay Lightning, Washington Nationals, Dallas Mavericks, Phoenix Suns, United Football League, Sacramento Kings and Monarchs, Miami Heat, LA Clippers, Portland Trailblazers, Maple Leaf Sports & Entertainment (Maple Leafs, Raptors, and Toronto FC), McKinsey & Co., Milwaukee Bucks, Oklahoma City Thunder, Qualcomm/Media Flo, Utah Jazz, and the California Interscholastic Federation.

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Desser's career began in local broadcasting in the early 70's and with a BA in Economics from UCLA and an MBA in Marketing from USC. In 1977, he became Executive Producer of the LA Lakers network, and in 1978, was hired by California Sports, owner of the Lakers, Kings, and Forum as Director of Broadcasting and Executive Producer of radio & TV for both teams.

In 1982, Desser became Director of Broadcasting and Executive Producer for the National Basketball Association. Responsibilities included national network contract administration, scheduling, negotiations, policy planning, and development of production and arena standards.

In 1984, he added the responsibilities of VP/General Manager, NBA Entertainment, the league's TV production and distribution arm. NBAE produces a number of programs for national and international distribution including ABC's NBA Inside Stuff, NBA Action, NBA Match-up, and Vintage NBA. NBAE also produces the nightly highlights and news programming for NBA TV and NBA.com.

In 1987, Desser was also named VP/Television for NBA International. This division was responsible for growing the distribution of NBA programming to more than 9000 hours in 200 countries worldwide, and production of world feeds of NBA and other international sports events.

In 1990, the NBA began its quest to develop new media opportunities, naming Desser President of NBA Television and New Media Ventures, later renamed NBA New Media and Strategic Initiatives. Over the decade, he spearheaded the exploration and business development for the league of a variety of new technologies ranging from High definition TV (first used for an NBA game in 1991), Direct Broadcast Satellite (1994), NBA.com (1995), NBA TV (1999), and Satellite Radio (2002). Many of these projects established the framework utilized by most major North American sports leagues, including the NBA's agreements with RSNs distributing to MVPDs in "outermarkets."

During this period of dramatic technological growth, Desser was also instrumental in the negotiation of the NBA's landmark national television agreements with NBC, Turner Broadcasting, ABC, and ESPN, which resulted in revenue growth of more than 12 fold, and substantially increased distribution. He established NBA TV, the first network devoted to a major US sports league, including handling affiliation negotiations with all major MVPDs. He led the NBA's Business Planning, and was a member of the NBA Board of Governor's Planning Committee.

During his NBA career, he also assisted many teams in negotiating their local rights agreements. When he returned to California, after 23 years at the NBA, he formed Desser Sports Media in order to extend this service to a wider array of clients across the sports industry. Key projects have included creation of business plans for new regional sports networks, valuation and negotiations of key media agreements, strategic planning, and the balancing of new media with traditional distribution platforms in order to generate maximum current and future revenues. His efforts were integral to the establishment of the Comcast SportsNet West, Comcast SportsNet Northwest, and Fox Sports Oklahoma RSNs.