IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	)	Chapter 11
	)	Case No. 11-12010 (KG)
LOS ANGELES DODGERS LLC, *et al.*,[1]	)	(Jointly Administered)
Debtors.	)	**Hearing Date: November 30, 2011 at 10:00 a.m.**

DECLARATION OF EDWIN S. DESSER IN SUPPORT OF FOX SPORTS NET WEST 2 LLC'S OBJECTION TO THE AMENDED MOTION OF LOS ANGELES DODGERS LLC TO APPROVE MARKETING PROCEDURES FOR LICENSING OF TELECAST RIGHTS

I, Edwin S. Desser, declare as follows:

1. I submit this Declaration in support of Fox Sports Net West 2 LLC's ("Fox's"):

> Objection (the "Objection") to the Amended Motion of Los Angeles Dodgers LLC to Approve Marketing Procedures for Licensing of Telecast Rights [Docket No. 783] (the "New Marketing Procedures Motion" or "Motion") filed by Los Angeles Dodgers LLC ("LAD"), which requests, among other things, entry of an order: (a) authorizing LAD to commence 45 days of exclusive negotiations with Fox for the sale or licensing of rights to telecast Los Angeles Dodgers baseball games beginning with the 2014 season ("Future Telecast Rights"), and to thereafter solicit competing bids from other prospective licensees of the Future Telecast Rights subject to certain rights of Fox Sports Net West 2 LLC; and (b) approving marketing procedures as set forth in the Motion.

[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.

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.

3. Additionally, I have not been provided with certain documents and information that may bear on the opinions contained in this declaration. For example, I have not been provided with the terms of the "Confidential settlement agreement between debtors and MLB." The Amended Motion implies that some of the terms of that agreement are relevant to the media rights sale process. I would like to have an opportunity to know what these terms are in order to best understand the proposal, and I reserve the right to modify my declaration in connection therewith. Similarly, I have not been provided with a copy of the existing KCAL/Dodgers telecast agreement. Insofar as that may have a bearing on the rights that the Dodgers wish to sell, and the manner in which KCAL rights may need to be protected, I reserve the right to modify my views based on the contents of that agreement. Additionally, I have not been provided with any documents that were designated "Highly Confidential" by LAD; I reserve the right to modify my views based on any such documents.

A. <u>My Qualifications and Expertise</u>

4. 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 the University of California at Los Angeles and an MBA in Marketing from the 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 ("RSNs"). 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. As a result, I am particularly familiar with, and understand the relative importance of, the many terms and conditions typically contained in professional team agreements with RSNs. 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.

5. 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, and the just-approved purchasers of the Houston Astros with respect to media rights issues. Other recent examples of my work include: (i) negotiating regional media agreements for the Detroit Pistons, Phoenix Suns, Miami Heat, Dallas Mavericks, San Antonio Spurs, Oklahoma City Thunder, Minnesota Timberwolves, and Milwaukee Bucks franchises 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, where the rights had previously been held by a Fox-branded RSN. I have also participated in a rights arbitration process involving the New Jersey Nets and the YES Network, an arbitration on behalf of the Portland Trailblazers, an arbitration between a major MVPD and major regional sports programming networks, and a litigation between the Miami Heat and Clear Channel Communications. I was also a witness in Chicago Bulls and Tribune Broadcasting WGN vs. NBA and NBA vs. Motorola and Stats Inc. Additionally, I negotiated programming rights and cable network distribution deals with major cable, telecommunications and satellite operators including Comcast, Time Warner Cable, Cox, Charter, Verizon, AT&T, DIRECTV, DISH Network, and Cablevision.

6. 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 largest 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 English and Spanish Los Angeles RSNs, performed team rights valuations, studied the back end rights provisions of the team's prior agreements and developed a negotiations strategy consistent therewith, 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 Lakers 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 team owner and developer Anschutz Entertainment Group (AEG).

7. Apart from my engagement in this matter, I have never represented or been employed by Fox in any capacity, including with respect to the negotiation of sports media rights deals. To the contrary, in my work I almost exclusively represent teams or leagues in their negotiations with networks like Fox and/or cable, telecommunications and satellite operators.

B. 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 proposed marketing procedures set forth in LAD's Motion (the "Amended Proposed Marketing Procedures"):

9. The current Fox Telecast Rights Agreement gives Fox valuable and important rights with respect to Dodgers games in the 2014 season and beyond. Fox has a large, strong group of valuable RSNs throughout the US, and ongoing telecast rights for pro sports teams are an essential component of that business. The Future Telecast Rights – which Fox negotiated and paid for – are designed to maximize the likelihood that Fox will be able to reach a binding agreement with the Dodgers for rights continuing beyond the current agreement's 2013 expiration date, and thereby maintain Fox' business as a going concern. [redacted]

10. The Amended Proposed Marketing Procedures, if implemented, would eviscerate these rights. LAD's proposal is not, as it claims, the "functional equivalent" of the Future Telecast Rights granted to Fox in the Telecast Rights Agreement. LAD's proposal would reduce the likelihood of a deal by, among other things: (a) making any agreement reached between Fox and LAD <u>non-binding</u> on the future purchaser of the team, and (b) rewriting key terms – including [redacted] – in ways that would drastically reduce the

likelihood of Fox and LAD reaching a deal for post-2013 telecast rights. Accordingly, approval of the Amended Proposed Marketing Procedures would drastically alter and devalue Fox's contractual rights, depriving Fox of the benefit of its bargain and causing it substantial harm.

11. Taking away Fox's Future Telecast Rights cannot be justified based on speculation that the market for media rights will decline in the future, or for the convenience and enrichment of Mr. McCourt in connection with his sale of the team. Moreover, I believe that proposed Procedures are poorly conceived and are unnecessary in order to conduct a successful sale of the team.

C. Future Telecast Rights Are Extremely Valuable To Networks Such As Fox

12. The Future Telecast Rights include the following provisions which, as noted above, are designed to increase the likelihood that Fox will be able to maintain the telecast rights to the 2014 season and beyond:

[redacted]

13. Because it is critical for networks to have the opportunity to hold telecast rights for as long as possible, provisions relating to future telecast rights are standard in sports media rights agreements. While they are paid for and predominantly benefit the network, they also provide certain benefits to the team. Sports programming requires both substantial up-front and long-term investments in programming, promotion, production and branding, which benefit the team by creating increased viewership and a larger fan base, leading to increases in team media and stadium-related revenues. Contractual provisions that limit the team's right to abandon its network partner once the initial term expires incentivize the network to invest in high quality programming and

promotion, since they increase the likelihood of a long term affiliation with the team, and reduce the risk of "free riding" on the network partner's investment.

14. In my experience negotiating against Fox, Fox places a very high value on this bundle of rights that sets the table for future deals, including timing, exclusivity provisions and other matching rights relating to future telecasts. These are not mere boilerplate terms, but rather highly material and hugely valuable elements of a media rights agreement. I believe that the Future Telecast Rights were a <u>critical</u> part of the Telecast Rights Agreement, and that Fox would not have entered into the deal on the financial terms provided, based on my experience with Fox in similar deals – and might not have done the deal at all if no Future Telecast Rights could be obtained. In other words, Fox placed substantial value on the Future rights, and a significant part of the consideration of the Telecast Agreement was for such rights, to protect Fox's investment in both the licensing fees and its overall strategic use of team rights.

15. Fox typically proposes to teams future rights language that is highly protective of its telecast rights investments, giving it the opportunity to extend the licensed rights beyond the initial term, usually providing even greater protection than the procedures and requirements contained in its Telecast Rights Agreement with LAD. It is typical for the parties to spend extensive time negotiating the details of these provisions, which I suspect was the case with this language. These negotiations involve, among other things: the nature of discussions (if any) that can take place before the exclusive period; the start and end dates of the exclusive period; requirements pertaining to a team's conduct during the exclusive period; time frames and other highly material parameters for team final offers; detailed requirements for addressing potential

differences between elements contained in alternative offers which superficially apper as equal consideration actually has very different real world value; and, finally, the nature of further rights to match higher and/or lower third party offers, along with the tail on these rights after the term. These terms are integral to a typical major league rights media agreement, and are so important to Fox that they frequently appear as some of the first items in a term sheet proposal given to a team.

16. As detailed below, the Future Telecast Rights provide valuable strategic benefits to Fox in addition to the direct value of games themselves during the term of the Agreement. These provisions were likely essential to protect Fox in entering into the Agreement, given that it was concurrently selling the team to Mr. McCourt and thereby giving up some control over the future media rights of the team at that time. For this reason, as reflected in the Telecast Rights Agreement, these provisions are almost never separately valued because they are so integral to the value exchanged for the right to broadcast the games. Therefore, any attempt to remove or modify these provisions, even in seemingly innocuous ways, while retaining other aspects of the Telecast Rights Agreement, is improper. Doing so would severely diminish the consideration Fox bargained to receive when it agreed to pay the licensing fees provided during the initial term of the Telecast Rights Agreement.

D. [redacted] Would Defeat The Purpose Of These Provisions And Cause Substantial Harm To Fox

17. It would be difficult to overstate the importance of the provisions requiring LAD to [redacted]

[redacted] These provisions are critical for assuring that Fox has the [redacted] with the Dodgers in a time frame that maximizes the likelihood of a deal being reached.

18. During the [redacted] This means that the team must make appropriate individuals and time available for negotiation sessions, be prepared to discuss deal points it is willing to accept, consider proposals and counter proposals, and requires it to engage in earnest efforts aimed at reaching an agreement. This process sets the table for a meeting of the minds. These periods are not just a formality; several of the clients I have represented have reached deals with Fox during these exclusive periods, typically as the period is about to expire. Importantly, when these good faith negotiations result in a deal, it is final subject only to Commissioner approval, which is typically routinely granted.

19. The timing of [redacted] period is key. Since the period between Fox and LAD [redacted] This leaves the team only about [redacted] months to enter into an alternative arrangement. It can be difficult to start such discussions late in the year, during holidays, so the available time for negotiations is effectively further limited.

20. While there is certainly sufficient time to reach an agreement with an existing station or RSN, the timing of the exclusive negotiation period decreases the

likelihood that LAD will choose to partner with another entity and/or to launch a new RSN on its own. The time frame is tight as a great many things must be arranged prior to starting up a new RSN. Staff must be hired, complex technical facilities must be designed and built-out, other programming must be secured to cover the more than 8,000 hours in a programming year, a sales force must be retained, and the sales process begun (which alone can require six to nine months of advance preparations), and most importantly, affiliation agreements must be negotiated and ideally reached prior to the first game with each and every cable, satellite, and telco multichannel video programming distributor ("MVPD") in the team's territory. The negotiations process with the team for a new RSN can span many months and even years. Typically the parties must negotiate a license agreement and interrelated documents like an LLC agreement, contributions agreement, joint facilities and programming agreements, preliminary operating and capital expenditure budgets, as well as loan and other financial documents, before embarking upon the myriad of details underlying the above. All of this increases the execution risk associated with starting up a new network, which is an additional consideration, designed to encourage Fox and the team to reach a deal, considering the long term capital intensive nature of the relationship.

21. In addition to limiting the team's ability to make an alternate deal, by [redacted] the Agreement effectively [redacted], improving Fox's position at least in the early stage of negotiations. This right is valuable to Fox because it [redacted]

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[redacted] which could have the effect of undermining Fox's efforts to extend a deal.

22. In the Amended Motion, LAD asks the Court to order [redacted] -to begin immediately, such that [redacted] LAD also proposes that, in the event that Fox and LAD can successfully negotiate a deal, [redacted] Either of these proposals, by itself, would be severely detrimental to Fox as compared the existing, fairly standard mechanism in the Telecast Rights Agreement. Moreover, without any requirement that LAD [redacted], In combination, the revised proposed procedures, even if they might generate very significant offers for the Future Media Rights, effectively strip almost all value from the [redacted] rights that Fox negotiated and paid hundreds of millions for when it agreed to the Telecast Rights Agreement. In addition, as will be pointed out below, I consider this process completely unnecessary to complete the team sale transaction.

23. Making an agreement reached during the [redacted] on the future owner of the Dodgers defeats the purpose of these provisions. This is because even if Fox and LAD reach an agreement, it would not be a deal – it would just be a proposal to be presented to the new team owners, putting Fox in a stalking horse position with respect to other potential bidders (but lacking the typical consideration). If Fox has no assurance that it will actually get the telecast rights it is

negotiating for, even if a deal is reached with LAD, the value of the [redacted] is clearly severely diminished as compared to the existing procedure contained in the agreement.

24. Moreover, even if LAD and Fox could [redacted] – which they cannot under the Amended Proposed Marketing Procedures – [redacted] would still reduce the likelihood of an agreement for other reasons. First, [redacted] would put Fox in the position of negotiating with Mr. McCourt, who will not own the team in the future, who is not a future business partner, and who is only interested in maximization of fees to serve his interests in the team sale process. Second, [redacted] would eliminate the time pressure that would have incentivized the parties to make a deal [redacted] when less time is available to make alternate arrangements before the 2014 season. The Amended Proposed Marketing Procedures clearly do not provide the same benefit to Fox as the original procedure under the Telecast Agreement, and therefore are damaging to Fox and eliminate its explicitly bargained-for protections.

E. The Amended Proposed Marketing Procedures Would Defeat The Purpose Of [redacted] Substantially Harming Fox

25. Under the Telecast Rights Agreement, [redacted] LAD is obligated to [redacted]. The provisions relating to [redacted] are designed to facilitate a deal by incentivizing LAD into making a reasonable and binding final offer that Fox can accept. These provisions provide

substantial value to Fox that would be substantially diminished if the Amended Proposed Marketing Procedures are approved.

26. First, the timing provisions relating to [redacted] are beneficial to Fox. Since the team cannot [redacted] provides limited time to obtain actual marketplace information beyond non-binding expressions of interest. The team must then [redacted] Meanwhile, [redacted], it can do so and keep the rights, period. This creates huge pressure on Fox to say "yes."

27. Additionally, to ensure that Fox receives a legitimate bid to continue as a licensee on a long term basis, [redacted] must meet several criteria designed to prevent the team from violating the spirit [redacted] The key elements are as follows:

[redacted]

[redacted]

28. Fox's right to [redacted] is legitimate and reasonable. If [redacted] is too high, then the team will likely only be able to get third party bids for <u>less</u> than the [redacted]. Third parties are less likely to spend the time and money on due diligence and negotiations for a deal that Fox could simply [redacted] Thus, there is a disincentive for the team to demand an unreasonably high price [redacted]–will be a high, but reasonable one that Fox can and will accept.

29. I have had several occasions to experience this process personally on behalf of a team negotiating a new agreement with Fox. I can say from these real-world situations that this portion of the process is particularly important for both parties, and is one not replicated by LAD's proposed process. Under the Telecast Rights Agreement, while understandably seeking to maximize its media revenues on the one hand, the [redacted] Failure to do so would be counterproductive. While choosing to offer Fox terms that are too low merely would leave money on the table, choosing a set of terms so high that no third party will reach them sets up a challenging negotiating environment for the team. It means that any offer the team gets in the marketplace can

be matched by the incumbent. Instead of setting up this scenario, teams will actually propose a higher rights fee than Fox had previously been willing to entertain, but a more reasonable one than the team had previously been asking for. Fox is much more likely to agree to it, with the knowledge that a competitor might. Thus this process drives the parties toward a deal: Fox offers the most it can reasonably offer to make the deal because it understands it could lose the programming if another party bids the same amount or more, and the team moderates its "ask" with the understanding that going too high could work against its interests. The procedure increases the likelihood of a deal between the parties, and the absence of this provision in the revised bidding procedures damages Fox.

30. In sum, ~~the Team Final Offer provisions~~ are structured so as to maximize the likelihood of a fair marketplace deal by ensuring that, even if negotiations [redacted] By contrast, in the Amended Proposed Marketing Procedures, [redacted]. Making [redacted] completely defeats the purpose of the carefully structured [redacted], reducing the LAD's' incentive to make a commercially reasonable final offer and instead incentivizing LAD to make the highest possible offer to see if Fox will take it out of desperation. In this manner, the Amended Proposed Marketing Procedures, while appearing at first blush to mirror those in the Telecast Agreement, actually erase Fox's valuable rights and cause Fox substantial harm when compared to what Fox and McCourt originally agreed.

F. The Telecast Rights Agreement's Procedures [redacted] Value That Would Be Lost Under The Amended Proposed Marketing Procedures

31. If LAD proceeds to negotiate with one or more third parties, it is likely that some of the many non-economic terms the team obtains from the process will differ from those provided in an agreement with Fox. In the Telecast Rights Agreement, Fox has obtained a further protection [redacted] This protection is important and valuable because there have been situations in other sports media agreements in the past where such terms were used in a way to undermine [redacted] and there are many ways a deal could otherwise be constructed so as to limit Fox's [redacted]

32. For example, Comcast/NBCU could include in its offer to the Dodgers featuring the team once per month on the Tonight Show or Today Show. Fox does not have such programs, or programs like them within which to feature the Dodgers to a general entertainment audience – thus a literal match would be impossible. Alternatively, Comcast/NBCU could offer to have Bob Costas handle play by play duties for the games – again not something that Fox could be expected to match as Mr. Costas is under exclusive contract to NBC. The Telecast Rights Agreement protects Fox from such a situation, through [redacted] (e.g., Tonight Show features might be worth $100,000 each or Bob Costas's services might be valued at $10 Million per year).

33. By contrast, the Amended Proposed Marketing Procedures [redacted] and then [redacted] with Blackstone, which has a clear conflict of interest, given that it is managing the sale of the Dodgers and their media rights, and which is not a recognized sports media rights appraiser in any event. This is not what Fox bargained for, it is inconsistent with the Telecast Rights Agreement, and the loss of an independent appraisal right would further damage Fox.

G. A Premature Sale Cannot Be Justified Based On Speculation That The Market Will Decline and the Proposed Sale Process Itself is Unnecessary

34. In his declaration in support of LAD's Media Rights Motion and Motion To Terminate Exclusivity, 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.

35. 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 professional and college programming in any market, even those that have experienced a population decline or in cases where teams have historically not been particularly strong. 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, especially considering Los Angeles' large and growing Hispanic population which "over-indexes" its sports (and Baseball) consumption. Importantly, the majority of funds used to pay for media rights flows through mid-term to long-term cable and satellite affiliation agreements (typically five to ten years), which always include annual escalations. Because that driver of value is ever-increasing, we can be fairly confident that 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, Los Angeles Galaxy, and the Pac-12 Conference).

36. 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 on and pay a premium for more popular professional sports programming to maintain their respective viewership and subscriber bases.

37. In Paragraph 44 of the Amended Motion, LAD cites my declaration on behalf of MLB, in which I predicted further growth in the Dodgers' media rights value of 10-20%, as evidence that Fox would not be damaged by moving up the negotiations. This is a non-sequitur. My prediction that the Dodgers' media rights would increase in value was based on two key factors: (1) marketplace growth rates for major league telecast rights are growing at about 10% annual rates; and (2) at the time the declaration was made, the rights were distressed due to ownership uncertainty and the cloud created by questions about how the MLB would handle the Dodgers. Due to the settlement between MLB and the Dodgers, that second factor no longer exists.

38. Even if the proposed Media Marketing Procedures did not cause substantial harm to Fox, they are nevertheless unnecessary in connection with the pending sale of the team. Sports teams are generally sold as going concerns, with various media agreements at a variety of stages (e.g., some just completed, some in mid-term, and other towards the end of their term). Nothing here requires a media sale in order to obtain interest from potential buyers for the team. Sophisticated buyers will have access to qualified professionals such as myself to perform their own projections on media revenues, just as they will for future ticket sales, sponsorship rights, food & beverage concessions, merchandise sales, team payroll, stadium improvements and other material matters in future years. While it is true that the media rights represent a substantial, growing source of future business income, a team sale can easily be accomplished without negatively impacting the rights granted to Fox. To the extent that it is helpful to buyers to have access to a benchmark of future media revenues, this is already available as a result of the recently disapproved media rights transaction.

Buyers can utilize this data, produced in an arms-length negotiation, to at least conservatively estimate the future media revenues far better than would be the case in the typical team sale transaction. Please refer to section G of my declaration on behalf of MLB (Desser Declaration ISO MLB Objection) for further insights into the unique nature of sports media rights and the problems inherent in the proposed Revised Media Marketing Procedures.

H. <u>Conclusions</u>

39. On the current facts, as detailed herein, Fox will suffer significant harm if [redacted]-will decrease the likelihood that a deal will be reached. This is true regardless of whether the value of the rights goes up.

40. Fox Sports Net 2 is one of two Fox RSNs in the second largest TV market in the United States. Together they represent Fox's biggest stake in the RSN business. The RSN business is key to the entire Fox cable business. Thus, the potential loss of the Dodgers, following the recent loss of the Lakers and introduction of additional competition, could compound the negative impact on Fox, creating substantial collateral damage for the company well in excess of the substantial, direct damages to the network.

41. Finally, with other major league sports franchises often generating operating losses and in need of capital to stay in business, a ruling here in favor of the Dodgers pertaining to the Future Telecast Rights could open the bankruptcy floodgates. Every money-losing team dissatisfied with provisions of its media rights agreement containing future telecast rights provisions would consider bankruptcy as a means to avoid complying with its obligations under a fully negotiated, compensated, arms-length deal. This could have a devastating impact on the Regional Sports Network business in general, and potentially the broader sports industry as well.

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
November 22, 2011

Edwin S. Desser
President
Desser Sports Media, Inc.

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