

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:  LOS ANGELES DODGERS LLC, <i>et al.</i> , <sup>1</sup>  Debtors.	Chapter 11  Case No. 11-12010 (KG)  Jointly Administered  Objection Deadline: December 20, 2011 at 4:00 p.m. (ET) Hearing Date: December 27, 2011 at 10:00 a.m. (ET)
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**DEBTORS' MOTION FOR ORDER, PURSUANT TO SECTIONS 363(b) AND 105(a) OF  
THE BANKRUPTCY CODE AND BANKRUPTCY RULE 9019, APPROVING  
SETTLEMENT AGREEMENT WITH THE OFFICE OF THE COMMISSIONER OF  
BASEBALL, DOING BUSINESS AS MAJOR LEAGUE BASEBALL**

TO THE HONORABLE KEVIN GROSS, CHIEF UNITED STATES BANKRUPTCY JUDGE:

Debtors hereby request, by this motion (the "Motion"), entry of an order in the form attached hereto as Exhibit A, pursuant to sections 363(b) and 105(a) of title 11 of the United States Code (the "Bankruptcy Code") and Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), approving the Settlement Agreement attached hereto as Exhibit B (the "Agreement") between the Debtors and the Office of the Commissioner of Baseball, doing business as Major League Baseball ("MLB"). In support of this Motion, Debtors respectfully represent as follows:

**PRELIMINARY STATEMENT**

1. The Debtors and MLB have entered into a settlement agreement, the centerpiece of which is a forthcoming plan of reorganization pursuant to which the Dodgers will be sold to a buyer or group of buyers that will be identified through a sale process to be run by the Debtors'

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<sup>1</sup> The Debtors, together with the last four digits of each Debtor's 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.

financial advisor, Blackstone Advisory Partners LLC ("Blackstone"), and managed by the Debtors.

2. The Agreement was the product of hard fought litigation and numerous rounds of mediation, culminating in an agreement that was publicly announced on November 2, 2011 and that has since been documented in the form attached as Exhibit B. The material terms of the Agreement are as follows:

- Sale of Team, Telecast Rights and Dodger Stadium. The Debtors shall file a plan of reorganization (the "Plan") that shall provide for a sale of the Los Angeles Dodgers Major League Baseball Club (the "Team") by selling either (a) 100% of the shares in debtor LA Holdco LLC ("Holdco") or (b) all assets owned directly or indirectly by Holdco that relate to the baseball operations of the Team, including without limitation (a) the Team's future telecast rights, and (2) Dodger Stadium and all fee interests currently owned by debtor LA Real Estate LLC.
- Sale of Parking Lots and Surrounding Land Not Included. The fee interests in the parking lots and surrounding land will not be required to be included in any sale, provided, that the Team's lease of parking lots owned by non-debtor Blue Landco LLC around the Stadium will be included (with such lease to allow moving and/or decking of parking and other matters reasonably required in connection with development of the land currently used for parking). Potential buyers will, if they request, be provided with due diligence information regarding the parking lots and may submit bids to purchase the parking lots and surrounding land, but any decision to sell or not sell the parking lots and surrounding land shall be made

solely by Mr. McCourt in his sole and absolute discretion without regard to any duties and responsibilities he may have to any of the Debtors.

- Role of Mediator. MLB and the Debtors have agreed to a dispute resolution mechanism to be conducted by the Honorable Joseph J. Farnan, United States District Judge (Retired) (the “Mediator”) to address disputes arising in connection with the sale of the Team and in connection with MLB's evaluation of prospective purchasers. Actions to enforce any determination shall be brought in the Bankruptcy Court.
- Sale Procedures. The sale process shall be run by Blackstone and managed by the Debtors, both of which will be highly receptive to all qualified bidders. Blackstone may provide to any potential purchaser it identifies in its sole discretion, as a potentially qualified bidder, Dodgers and MLB information in a form prepared by Blackstone; provided, that such potential purchaser executes a confidentiality agreement in the form attached to the Agreement as Exhibit "A" (the “Form CA”). Blackstone shall provide copies of all confidentiality agreements executed by potential purchasers (and a log of confidential information provided to each potential purchaser) to the Mediator. Blackstone and the Debtors shall have no obligation to disclose the identity of any potential purchaser to MLB unless and until Blackstone submits the forms necessary for MLB to commence its process of considering a potential purchaser for approval. Nevertheless, MLB shall be promptly notified of any breach of confidentiality by a potential purchaser. To the extent that Blackstone prepares an offering document to be distributed to potential purchasers, Blackstone, prior to the

distribution of such offering document to any potential purchaser, shall submit a copy of such offering document to MLB for its review and sign-off in conjunction with customary and standard practice regarding any offering documents used in connection with a proposed control interest ownership transaction. MLB has agreed to other specific confidential procedures regarding the sale of the Team and matters relating to MLB approval of prospective purchasers (including prospective purchasers that are groups), as set forth in Special Terms Related to the Sale of Los Angeles Dodgers Baseball Club (the "Special Terms"). The Special Terms are confidential; however, the Special Terms may be discussed, shown to, and otherwise shared with (but without providing copies to) prospective purchasers of the Team who execute a Form CA. Based on the sale procedures referenced above, including the provision for Mediator review, the Debtors are confident that no potential purchaser will be arbitrarily or inappropriately rejected as a bidder.

- Sale Terms. The sale of the Team may be structured as an asset sale or as a sale of the equity of LA Holdco LLC. The Team, including all media rights owned by the team, may be sold to a single buyer or a group of buyers (the "Buyer"). The interests in the Team and in any entities that exist or may be formed to own regional sports networks ("RSNs") may be divided among the members of the group of buyers as the Buyer shall determine. MLB has agreed how MLB rules, regulations and practices will be applied to certain media rights transactions that a Buyer may enter into at any time prior to April 2014, as set forth in the Special Terms. These terms may be disclosed to prospective purchasers of the Team who

execute a Form CA. The auction shall be completed no later than April 1, 2012, and the sale of the Team as contemplated hereby shall be consummated no later than April 30, 2012. The consideration for the sale of the Team may also include future or contingent payments as agreed upon by the Buyer and the Debtors. It shall be the goal of the Debtors and MLB to have initial bids submitted on or before January 13, 2012.

- Telecast Rights. The Debtors are not prohibited under the Agreement from pursuing efforts to market the Telecast Rights in conjunction with any sale of the Team or negotiate an agreement to license such Telecast Rights, provided that any decision to enter into a Telecast Rights agreement shall be in the sole and exclusive discretion of any Buyer.
- Fox Disputes. MLB shall not be involved in any disputes between Fox and the Debtors. The Agreement provides that the Debtors shall amend the Telecast Rights Motion to conform to the Agreement and MLB shall withdraw all pleadings filed in the bankruptcy cases which support any position taken by Fox in connection with the Telecast Rights Motion. The required amendments and withdrawals have been made. Except as otherwise set forth in this Motion and in the Agreement, MLB and the Debtors have no agreements regarding Fox.
- Non-Participation of Frank McCourt. Mr. McCourt and his relatives shall not participate directly or indirectly prior to or after the sale of the Team in any Buyer, in any media transaction entered into in connection with the sale of the Team, or in any financing provided with respect thereto, nor shall Mr. McCourt retain directly or indirectly any interest in the assets that comprise the Team.

Notwithstanding the forgoing, the consideration of the sale of the Team may also include future or contingent payments as agreed between Buyers and Debtors.

- Mutual Releases. MLB and the Commissioner on the one hand, and the Debtors and Frank McCourt on the other hand, will exchange mutual releases on behalf of themselves and their respective affiliates, insiders, shareholders, members, managers, directors, officers, employees, and advisors.
- Dodger Tickets LLC. MLB shall consent to any necessary or appropriate amendments to the loan documentation so as to allow the indebtedness owed by Dodger Tickets LLC to remain in effect following the sale of the Team.
- Cooperation. The Debtors and MLB shall cooperate to assure the extension of the Debtors' exclusive periods and in connection with the filing and confirmation of a plan of reorganization consistent with the terms hereof.
- Mediator Resolution. All disputes concerning the foregoing matters shall be resolved by the Mediator.

3. For the Debtors, the primary objective in this process is to maximize the value of their assets, including the Team and the media rights. At the conclusion of the process, the ultimate purchaser will be the entity or group submitting the highest and best bid. The Agreement paves the way for the Debtors' emergence from bankruptcy under a plan of reorganization that will pay allowed claims in full and provide a substantial return to the Debtors' equity holder. Importantly, the Agreement does not purport to bind or impose any obligations on Fox Sports Net West 2, LLC ("Fox") individually, whose claims and rights will be addressed in separate proceedings. Accordingly, the Agreement is a "win-win" not only for the Debtors and MLB but for all parties in interest in these bankruptcy cases, and should

therefore be approved.

### **JURISDICTION AND VENUE**

4. This Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue before this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The predicates for the relief requested herein are sections 363(b) and 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019.

### **SUMMARY OF RECENT EVENTS**

5. Although these bankruptcy cases have been pending for only about five months, they have been highly active both in litigation before this Court and in multiple mediation sessions. To provide additional context for the Agreement, the following is a summary of the key events in each of these areas leading up to the settlement.

6. The disputes that existed between the Debtors and MLB predated this bankruptcy filing and have been well documented in multiple pleadings filed with this Court. *E.g.*, Docket Nos. 4, 27, 199, 221, 443, 476, 589, 590, 691, 692. From the moment the Debtors filed for bankruptcy, MLB hotly contested the relief sought by the Debtors. Initially, MLB objected to the Debtors' request for authority to obtain debtor-in-possession financing, and offered its own financing package on terms that the Debtors found unacceptable. Following an evidentiary hearing held on July 20, 2011, the Court denied the Debtors' request for authority to obtain financing, with the expectation that MLB would "propose to Debtors a short form credit agreement that is genuinely unsecured in nature and contains minimal – if any – representations, covenants and warranties, no release for prepetition actions and no default triggers for violations of Baseball's rules and regulations" and that would be "independent of and uncoupled from Baseball's oversight and governance of the Dodgers under the Major League Baseball

Constitution.” [D.I. 285, at 7]. The Debtors ultimately entered into a debtor-in-possession financing arrangement with MLB which this Court approved on August 8, 2011. [D.I. 339].

7. At the suggestion of this Court, the Debtors and MLB engaged in mediation beginning in late July. At that time, the Debtors and MLB agreed to a litigation standstill until September 2, 2011, which was subsequently extended until September 16, 2011. As part of the standstill, MLB agreed to support a 55-day extension of the Debtors’ exclusivity periods, and the Debtors agreed to defer filing their motion for authorization to market their valuable Telecast Rights. Thereafter, the parties engaged in confidential mediation discussions over a seven-week period. During that time, the Debtors and their advisors presented detailed projections and other information to MLB in an effort to obtain its support for the Debtors’ business plan to market the Telecast Rights.

8. The initial mediation effort was unsuccessful. After the standstill expired on September 16, the parties proceeded to file a series of motions “plac[ing] the master issues of the case squarely before the Court.” Order Scheduling Evidentiary Hrg at 1 [D.I. 508]. First, on September 16, 2011, LAD filed its motion [D.I. 443] (the “Telecast Rights Motion”) seeking, *inter alia*, authorization to market the Telecast Rights and thereafter to enter into a licensing agreement with the highest and best bidder(s) for the Telecast Rights. As part of the relief requested in the LAD Motion, LAD sought the Court’s authorization to proceed with the proposed marketing process for the Telecast Rights notwithstanding certain provisions of LAD’s existing telecast agreement with Fox Sports Net West 2, LLC (“Fox”) providing Fox with a right of first negotiation and limited right of first refusal for the post-2013 Telecast Rights. The hearing on the LAD Motion was originally scheduled for October 12, 2011.



9. On September 23, 2011, one week after the LAD Motion was filed, MLB filed a motion [D.I. 476] (the “MLB Motion”) seeking to terminate the Debtors’ exclusive period to file a plan of reorganization or in the alternative, to compel assumption or rejection of the Baseball Agreements. Fox filed a limited joinder to the MLB Motion. MLB also filed a motion to disqualify Debtors’ reorganization counsel (the “Motion To Disqualify”) on the basis of an alleged conflict of interest. The MLB Motion sought, among other things, to grant MLB the immediate right to file a plan of reorganization in the Debtors’ chapter 11 cases that would require a sale of the team under MLB supervision. In the MLB Motion, the Commissioner made clear that he would reject any proposed Telecast Rights transaction that the Debtors might propose under the Telecast Rights Motion, and further stated that he would not consent to the Debtors’ assumption of the Baseball Agreements if LAD chose to proceed with marketing the Telecast Rights under the Telecast Rights Motion. A hearing on the MLB Motion and the Motion To Disqualify was set for October 12, the same date as the LAD Motion.

10. Thereafter, on September 27, the Debtors filed a motion [D.I. 483] (the “Motion to Adjourn”) seeking to adjourn the MLB Motion on the grounds that (a) any hearing on the MLB Motion should be postponed pending resolution of the Motion To Disqualify; and (b) LAD needed additional time to obtain the discovery necessary for it to fully respond to the many factual allegations set forth in the MLB Motion.

11. The Court did not issue a ruling with respect to the Motion To Adjourn, but instead issued its *Order Scheduling Evidentiary Hearing* [D. I. 508] (the “Scheduling Order”), setting a 4-day evidentiary hearing (the “Evidentiary Hearing”) on both the Telecast Rights Motion and the MLB Motion to commence on October 31. The Court noted that “[t]he early hearing date is the product of the Court’s schedule and, more importantly, the necessity of a

prompt disposition of the key issues which will enable management of the Los Angeles Dodgers baseball team to utilize the approaching off season to prepare for the 2012 season.” Scheduling Order at 1. Desiring to “make its decision based upon facts rather than the harsh allegations and innuendo of the antagonists,” Scheduling Order at 1, the Court directed the parties to present evidence on the following issues at the Evidentiary Hearing:

- Did Debtors breach the Baseball Agreements, and in what respect and were the breaches, if any, material?
- Have Debtors and/or Mr. McCourt misappropriated or misused Debtors’ assets, and are the Dodgers financially unstable?
- What is the condition of Debtors’ baseball operations, including the condition of Dodger Stadium and security?
- Is a sale of Debtors Telecast Rights in the best interest of the Debtors?
- Is a sale of the Debtors’ Telecast Rights in the best interest of MLB?
- What are the potential implications of Debtors’ possible rejection of the contract with Fox?
- Do Debtors have the ability to assume the Baseball Agreements?
- Is Mr. McCourt acting in his own best interest at the expense of the Debtors?
- Has the Commissioner acted in bad faith toward Debtors and/or Mr. McCourt?

*Id.* at 10. In the Scheduling Order, the Court also denied the Debtors’ request for discovery from MLB regarding its course of dealing under certain provisions of the Baseball Agreements with other MLB teams. The Court instead limited discovery “to the Commissioner’s knowledge, judgment and motivations regarding Debtors and their principal, Mr. McCourt.” *Id.* at 11.

12. The entry of the Scheduling Order on September 30, 2011 launched a month of intense preparation for the upcoming Evidentiary Hearing by both the Debtors and MLB. On October 3, the Debtors filed a motion to modify the Scheduling Order [D.I. 511] (“Motion to Modify”) seeking authorization to take limited discovery of MLB regarding its course of dealing under the Baseball Agreements with other clubs. At a telephonic hearing on October 5, 2011, the Court denied the Debtors’ request to modify the scheduling order and set a briefing schedule on the LAD Motion and the MLB Motion under which oppositions were due on October 11, 2011 and replies were due October 24, 2011.

13. During the next several weeks, the Debtors and their counsel produced 13,350 documents (115,328 pages) to MLB and to Fox. During the same period, the Debtors also reviewed a total of 3,385 documents (67,598 pages) produced by MLB. The Debtors also comprehensively briefed all of the legal and factual issues raised by the MLB Motion, as well as the objections of MLB and Fox to the LAD Motion. The Debtors filed an opposition to the MLB Motion on October 11, 2011 [D.I. 590], and a reply to the objections of MLB and Fox to the LAD Motion on October 24, 2011 [D.I. 691]. During that same period, MLB and Fox filed oppositions to the LAD Motion and reply briefs in support of the MLB Motion.

14. Also on October 24, 2011, the Debtors filed a motion [D.I. 685] (the “Motion to Extend”), in which the Debtors requested a six month extension of their exclusive right to file a plan of reorganization and solicit acceptance of such a plan. A hearing on the Motion to Extend is scheduled for December 7, 2011.

15. In the meantime, in response to an order entered by this Court on October 3, 2011 [D.I. 519] (the “Mediation Order”), under which this Court formally appointed the Honorable Joseph Farnan, Jr. as mediator, the Debtors and MLB resumed confidential mediation

discussions. Late in the evening on October 25, the Debtors and MLB agreed to a second litigation standstill commencing on that date and expiring on November 10. The Evidentiary Hearing was adjourned to November 29, 2011. Following another negotiation session that lasted late into the night, on November 1, 2011, the Debtors and MLB reached an agreement resolving the various disputes between them including those scheduled to be resolved at the Evidentiary Hearing. The settlement was publicly announced that same evening.

### **RELIEF REQUESTED**

16. By this Motion, pursuant to sections 363(b) and 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, the Debtors request an order, substantially in the form attached hereto as Exhibit A, approving the Agreement as a reasonable compromise and settlement of claims and disputes between the Debtors and MLB.

### **BASIS FOR RELIEF REQUESTED**

17. Bankruptcy Rule 9019(a) provides that “[o]n motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement.” Fed. R. Bankr. P. 9019(a). Compromises are favored in bankruptcy so as to minimize litigation and expedite a bankruptcy estate’s administration. *See In re Martin*, 91 F.3d 389, 393 (3d Cir. 1996) (“The decision of whether to approve a particular compromise lies within the discretion of the Bankruptcy Judge and pursuant to Bankruptcy Rule 9019(a)”).

18. In approving a settlement motion pursuant to Bankruptcy Rule 9019(a), the court must find that the proposed settlement is fair and equitable and in the best interests of the debtor’s estate. *See Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968); *In re Nutraquest, Inc.*, 434 F.3d 639, 644 (3d Cir. 2006). In doing so, the court should examine the settlement and determine whether it “falls below the lowest point in the range of reasonableness.” *Official Unsecured Creditors’ Comm. of*

*Pennsylvania Truck Lines, Inc. v. Pennsylvania Truck Lines, Inc. (In re Pennsylvania Truck Lines, Inc.)*, 150 B.R. 595, 598 (E.D. Pa. 1992), *aff'd*, 8 F.3d 212 (3d Cir. 1993); *In re Grant Broad. of Philadelphia, Inc.*, 71 B.R. 390, 396 (Bankr. E.D. Pa. 1986); *In re World Health-Alternatives, Inc.*, 344 B.R. 291, 296 (Bankr. D. Del. 2006).

19. Courts in the Third Circuit also consider the following four criteria when faced with a proposed settlement: “(1) the probability of success in the litigation; (2) the likely difficulties in collection; (3) the complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it; and (4) the paramount interest of the creditors.” *In re Martin*, 91 F.3d at 393; *In re Nutraquest, Inc.*, 434 F.3d at 644-45. While not among the four factors generally considered when reviewing a proposed settlement, participation by sophisticated parties and counsel is an additional factor considered by some courts. *See In re Ionosphere Clubs*, 156 B.R. 414, 426 (S.D.N.Y. 1993), *aff'd*, 17 F.3d 600 (2d Cir. 1994).

20. Each of the above factors favors approval of the Agreement by this Court.

21. Probability of Success in the Litigation. As noted above, in evaluating this factor, courts consider whether a proposed settlement falls within the lowest point in the range of reasonableness. While the Debtors would like to believe that this Court would have ultimately confirmed a plan of organization along the lines originally proposed by the Debtors, that outcome was not preordained. MLB raised a number of legal arguments and factual allegations in opposition to the LAD Motion and the Debtors' original business plan. Among those arguments and allegations were the following: 1) any Telecast Rights Agreement required the consent of MLB which it was not prepared to grant to LAD; 2) LAD could not assume the Baseball Agreements without the consent of MLB which it would not grant if LAD pursued the license of the Telecast Rights; 3) cause existed to terminate exclusivity because, according to

MLB, Mr. McCourt was pursuing his own personal interests rather than acting on behalf of the Debtors and their estates. In response, LAD argued that: 1) the Commissioner lacked the authority, under the Baseball Agreements or applicable law, to refuse to consent to a Telecast Rights agreement; 2) MLB did not have the unilateral right to prevent assumption of the Baseball Agreement; and 3) MLB's allegations leveled against Mr. McCourt were untrue and/or mischaracterized the facts. As this Court knows first hand from the voluminous and numerous pleadings, declarations and exhibits that were filed by the Debtors and MLB, many of these arguments involved novel issues of law and issues of fact that were vigorously disputed and whose resolution would have turned on the credibility of the many witnesses that were expected to testify at trial. With all of those variables in play, it is difficult for the Debtors to predict with any degree of certainty how this Court would have ruled.

22. The Agreement provides a middle ground to the polar opposite approaches that were previously advocated by the Debtors and MLB. On the one hand, the Agreement provides for a sale of the Team, which was MLB's preferred course. On the other hand, the Agreement provides for the sale to be conducted in a manner that will be under the direction of the Debtors and its financial advisor and provides for procedural and substantive protection to assure that the sale process will be conducted to maximize value and not for any other purpose. In addition, the Agreement does not prohibit the Debtors to pursue marketing of the Telecast Rights, an important component of realizing the full value of the Telecast Rights upon the sale of the Team, subject to the right of any buyer of the Team to approve any Telecast Rights agreement in its sole and exclusive discretion. To ensure smooth implementation of the Agreement, the parties have agreed that the Mediator can resolve any disputes that may arise under the agreement.

23. Accordingly, the Debtors are comfortable that the Agreement, if approved by this Court, will achieve the Debtors' primary objective of maximizing the value of the estates for the benefit of all stakeholders.

24. Likely Difficulty in Collection. This factor is not relevant in evaluating the Agreement.

25. Complexity, Expense and Delay. This factor overwhelmingly favors approval of the compromise. Leading up to the Agreement, the Debtors incurred fees and expenses totaling millions of dollars fighting with MLB in connection with the DIP Financing Hearing, the Telecast Rights Motion, the MLB Motion, and numerous other disputes. The evidentiary hearing scheduled by this Court would have required the Debtors to incur many additional millions of dollars to litigate, with the certain prospect of more litigation to follow if the Debtors were successful and likely been a prelude to even more litigation, including potential appeals.

26. The Agreement not only avoids those substantial legal expenses, but also the delay and distraction that would have resulted from continued litigation. By virtue of the Agreement, the Debtors can proceed simultaneously down the parallel paths of conducting the sale process and confirming a plan of reorganization. In the absence of a settlement between the Debtors and MLB, any efforts to proceed forward with confirmation might have required the Debtors to await the outcome of the process to market the Telecast Rights. In addition, the magnitude of the scope of ongoing litigation with MLB would have continued to divert resources of the Debtors, their executives and their professionals that can now focus on the sale process and maximizing the value of the Team including the Telecast Rights.

27. Paramount Interest of Creditors. The Agreement will indisputably promote the best interest of creditors. First, it provides for the sale of the Team to be conducted in a manner

that will allow claims of unsecured creditors to be paid in full upon emergence. Second, the resolution of the disputes between the Debtors and MLB will allow for a more prompt emergence of the Debtors from bankruptcy. Third, both the Official Committee of Unsecured Creditors and Fox had, prior to the Agreement, endorsed a sale of the Team through a plan of reorganization, and thus should not be heard to complain about the Debtors' agreement to pursue that course.

28. With regard to Fox, nothing in the Agreement purports to bind Fox individually. The Debtors and MLB have no agreements regarding Fox other than the agreement of MLB to remain neutral in any disputes between the Debtors and Fox and to withdraw all pleadings filed in the bankruptcy cases which support any position taken by Fox in connection with the LAD Motion. Thus, Fox has no basis to object to approval the terms of the settlement that may relate to the Telecast Rights. Those disputes will be resolved in other proceedings, including the motion as amended to approve the marketing procedures for the Telecast Rights, the adversary proceeding commenced by Fox in these bankruptcy cases, and the adversary proceeding commenced by the Debtors against Fox resulting from Fox's alleged violation of the automatic stay.

29. Sophistication of Parties and Their Advisors, and of the Mediator. Both the Debtors and MLB have senior executives, including not only the Commissioner and Mr. McCourt but other officers, who are very sophisticated in both legal and financial matters. In addition, the Debtors and MLB, as well as Mr. McCourt personally, are advised by law firms (Dewey & LeBoeuf LLP and Young Conaway, Stargatt & Taylor for the Debtors; White & Case, Proskauer Rose and Fox Rothschild for MLB; and Sullivan & Cromwell LLP for Frank McCourt) and investment banking firms (Blackstone Advisory for the Debtors; Allen &



Company for MLB) which have substantial experience in large and complex chapter 11 proceedings and are well equipped to advise the parties.

30. Moreover, the settlement was brokered by the Honorable Joseph Farnan, a former federal district court judge with substantial experience both on and off the bench, including in bankruptcy proceedings. Judge Farnan has sophistication in both financial and legal issues that equals or exceeds those of the parties and their advisors. Accordingly, this factor also favors approval of the Agreement.

31. In short, all of the relevant factors weigh heavily in favor of this Court's approval of the Agreement.

**NOTICE**

32. This Motion has been served on (i) the United States Trustee for the District of Delaware; (ii) counsel to the Creditors' Committee; (iii) counsel to MLB; (iv) counsel to Baseball Finance LLC; and (v) all parties that, as of the filing of this Motion, have requested notice in these chapter 11 cases pursuant to Bankruptcy Rule 2002. The Debtors submit that, under the circumstances, no other or further notice is required.

WHEREFORE the Debtors respectfully request an order (i) approving the Agreement;  
and (ii) granting such other and further relief as the Court deems just and proper.

Dated: December 6, 2011  
Wilmington, Delaware

YOUNG CONAWAY STARGATT & TAYLOR, LLP

/s/ Donald J. Bowman, Jr.

Robert S. Brady (No. 2847)  
Pauline K. Morgan (No. 3650)  
Donald J. Bowman, Jr. (No. 4383)  
Ryan M. Bartley (No. 4985)  
The Brandywine Building – 17th Floor  
1000 West Street, Post Office Box 391  
Wilmington, Delaware 19899-0391  
Telephone: (302) 571-6600  
Facsimile: (302) 571-1253

-and-

DEWEY & LEBOEUF LLP  
Bruce Bennett  
Sidney P. Levinson  
Joshua M. Mester  
333 South Grand Avenue, Suite 2600  
Los Angeles, California 90071  
Telephone: (213) 621-6000  
Facsimile: (213) 621-6100

-and-

DEWEY & LEBOEUF LLP  
Martin J. Bienenstock  
1301 Avenue of the Americas  
New York, New York 10019  
Telephone: (212) 259-8000  
Facsimile: (212) 259-6333

*Co-Counsel for Debtors and Debtors in Possession*