The Baseball Club of Seattle, L.P.

Financial Statements as of and for the
Years Ended October 31, 2008 and 2007, and
Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Baseball Club of Seattle, L.P.
Seattle, Washington

We have audited the accompanying balance sheets of The Baseball Club of Seattle, L.P. (the "Partnership") as of October 31, 2008 and 2007, and the related statements of operations, changes in partners' capital and accumulated other comprehensive income (loss), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Partnership as of October 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

April 2, 2009

THE BASEBALL CLUB OF SEATTLE, L.P.

BALANCE SHEETS
AS OF OCTOBER 31, 2008 AND 2007
(In thousands)

	2008	2007
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 40,561	$ 38,819
Accounts receivable:		
Major League Baseball	12,595	18,940
Other — net of allowance of $0 and $174 in 2008 and 2007, respectively	1,846	2,138
Merchandise inventory	2,755	2,699
Prepaid expenses	981	1,001
Total current assets	58,738	63,597
RESTRICTED CASH	15,729	15,507
LAND	2,780	2,780
PROPERTY AND EQUIPMENT — Net of accumulated depreciation and amortization of $36,483 and $33,750 in 2008 and 2007, respectively	6,317	7,311
LEASEHOLD ACQUISITION COSTS — Net of accumulated amortization of $54,440 and $48,649 in 2008 and 2007, respectively	58,027	63,707
PREPAID SIGNING BONUSES — Net of accumulated amortization of $34,890 and $58,968 in 2008 and 2007, respectively	33,949	36,168
NONCURRENT RECEIVABLES	8,375	12,563
UNANTICIPATED CAPITAL COST RECEIVABLE	25,707	23,821
AMERICAN LEAGUE FRANCHISE RIGHT	31,820	31,820
OTHER	11,297	6,064
TOTAL	$ 252,739	$ 263,338

(Continued)

THE BASEBALL CLUB OF SEATTLE, L.P.

BALANCE SHEETS
AS OF OCTOBER 31, 2008 AND 2007
(In thousands)

LIABILITIES AND PARTNERS' CAPITAL	2008	2007
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 22,403	$ 26,681
Deferred revenue	10,391	19,386
Deferred compensation	2,870	2,670
Total current liabilities	35,664	48,737
DEFERRED COMPENSATION	19,877	17,642
DEFERRED REVENUE	33,860	28,807
SALES TAXES PAYABLE	10,783	10,187
ACCRUED PENSION PLAN LIABILITY	3,966	3,102
Total liabilities	104,150	108,475
COMMITMENTS AND CONTINGENCIES (Notes 6 and 7)		
PARTNERS' CAPITAL:		
Partners' capital	153,828	158,361
Accumulated other comprehensive loss	(5,239)	(3,498)
Total partners' capital	148,589	154,863
TOTAL	$ 252,739	$ 263,338

See notes to financial statements. (Concluded)

THE BASEBALL CLUB OF SEATTLE, L.P.

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED OCTOBER 31, 2008 AND 2007
(In thousands)

	2008	2007
OPERATING REVENUES:		
Regular season game receipts	$ 66,324	$ 70,015
Local broadcasting	64,365	60,182
Advertising and corporate sponsorships	23,060	23,223
National revenues — net	28,132	31,453
Concessions	11,240	13,519
Premium seating	14,307	15,544
Merchandising — net	3,255	4,409
Other	5,517	5,475
Total operating revenues	216,200	223,820
OPERATING EXPENSES:		
Major league player compensation	119,408	113,242
Major league team operations	17,157	16,761
Major league revenue sharing	16,174	8,284
Ballpark operations	11,659	11,520
Scouting and player development	15,534	14,013
General and administrative	17,585	21,743
Depreciation and amortization	16,558	15,427
Sales and marketing	9,797	9,065
Total operating expenses	223,872	210,055
OPERATING (LOSS) INCOME	(7,672)	13,765
OTHER INCOME (EXPENSE):		
Interest expense	(2,561)	(2,466)
Loss on disposal of assets	(540)	(929)
BELP II distribution of earnings	68	
MLBAM distribution of earnings	2,000	1,567
Interest income and other	4,172	5,927
Other income — net	3,139	4,099
NET (LOSS) INCOME	$ (4,533)	$ 17,864

See notes to financial statements.

THE BASEBALL CLUB OF SEATTLE, L.P.

STATEMENTS OF CHANGES IN PARTNERS' CAPITAL AND ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED OCTOBER 31, 2008 AND 2007
(In thousands, except for number of units)

	Class A Units		Accumulated Other Comprehensive Income (Loss)	Total
	Number	Amount		
BALANCE — November 1, 2006	214,763	$140,497	$ 35	$140,532
Net income		17,864		17,864
SFAS No. 158 transition amount			(3,533)	(3,533)
Comprehensive income				14,331
BALANCE — October 31, 2007	214,763	158,361	(3,498)	154,863
Net loss		(4,533)		(4,533)
Comprehensive loss on pension obligation			(1,741)	(1,741)
Comprehensive loss				(6,274)
BALANCE — October 31, 2008	214,763	$153,828	$ (5,239)	$148,589

See notes to financial statements.

THE BASEBALL CLUB OF SEATTLE, L.P.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2008 AND 2007
(In thousands)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$ (4,533)	$ 17,864
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of long-lived assets	16,558	15,427
Amortization of signing bonuses	7,083	7,466
Interest expense on deferred compensation	1,755	1,683
Loss on disposal of assets	542	934
Changes in operating assets and liabilities:		
Accounts receivable	8,939	(7,388)
Prepaid expenses and merchandise inventory	(36)	(304)
Prepaid signing bonuses	(14,644)	(23,568)
Other assets	(5,233)	
Accounts payable and accrued liabilities	(2,384)	(1,914)
Deferred revenue	(3,942)	9,132
Deferred compensation	680	(1,536)
Other liabilities	(281)	24
Net cash provided by operating activities	4,504	17,820
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property and equipment	(2,540)	(1,951)
Increase in restricted cash	(222)	(791)
Purchases of investments held to maturity	(74,833)	(28,183)
Maturities of investments held to maturity	74,833	35,587
Net cash (used in) provided by investing activities	(2,762)	4,662
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,742	22,482
CASH AND CASH EQUIVALENTS:		
Beginning of year	38,819	16,337
End of year	$ 40,561	$ 38,819
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION — Cash paid for interest	$ 111	$ 116

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The Baseball Club of Seattle, L.P. (the "Partnership") is a state of Washington limited partnership that was formed on January 23, 1992, for purposes of acquiring the franchise and operating net assets of the Seattle Mariners (the "Club"), a professional baseball team operating under a franchise granted by the American League of Professional Baseball Clubs.

The Partnership is a limited partnership in which partners own unrestricted and restricted Class A interests. Profits and losses are allocated to the partners in accordance with their respective partnership interests, subject to certain limitations as defined in the Fourth Amended and Restated Agreement of Limited Partnership.

The majority of the Partnership's revenues are generated from Major League Baseball (MLB) games played by the Club in Seattle at Safeco Field (the "Ballpark") including game receipts, local broadcasting, concessions, premium seating, advertising, and corporate sponsorships. National revenues consist of the Partnership's share of revenues generated by MLB, described more fully in Note 2.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition — Revenues are generated primarily from regular season game receipts, local broadcasting, advertising, and corporate sponsorships, National Revenues (see Note 2), concessions, premium seating, and merchandising operations. Revenues are generally recognized on a per-game basis. For the years ended October 31, 2008 and 2007, certain operating expenses (county admission taxes, umpires' assessments, and Washington state business and occupancy taxes) totaling $7,401,000 and $8,032,000, respectively, have been charged against revenues as permitted by MLB and consistent with the practices of other MLB franchises. Deferred revenue consists primarily of amounts received in advance relating to local broadcasting, tickets, corporate sponsorships, premium seat rental, and charter seat licensing revenues. Ticket and suite rental revenues received in advance are deferred and recognized as income when the related games are played. Charter seat licensing, local broadcasting rights fees, corporate sponsorship, and advertising revenues relating to long-term contracts are deferred and recognized as income over the life of the related contract on a straight-line basis.

Cash and Cash Equivalents — The Partnership considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments Held to Maturity — The Partnership considers all debt securities held to maturity with an original maturity greater than three months and less than one year to be current investments held to maturity. No such investments existed as of October 31, 2008 and 2007.

Restricted Cash — Restricted cash consists of two amounts. Approximately $640,000 and $627,000 represents amounts in escrow as of October 31, 2008 and 2007, respectively, per a closing escrow agreement associated with the purchase of the Club in June 1992. The remaining $15,089,000 and $14,880,000 as of October 31, 2008 and 2007, respectively, is restricted under the terms of deferred compensation obligations.

Concentration of Credit Risk — The Partnership deposits substantially all of its unrestricted cash and cash equivalents with one financial institution. Management believes there is minimal credit risk associated with the maintenance of its cash and cash equivalents at the financial institution.

Merchandise Inventory — Inventories are stated at the lower of cost or market, with cost being determined by the average-cost method.

Property and Equipment — Property and equipment, including leasehold improvements, are recorded at cost. Depreciation and amortization are recorded using the straight-line method over the shorter of the estimated useful lives of the assets of three to ten years or the remaining lease term. For certain property and equipment related to the Ballpark, depreciation is recorded using an accelerated method over the estimated useful lives of the assets of seven to fifteen years. The cost and accumulated depreciation or amortization of assets sold or otherwise retired are removed from the accounts, and the related gains or losses are included in the statements of operations. Expenditures that increase the estimated useful lives of the related assets are capitalized. Repairs and maintenance are charged to expense when incurred.

Leasehold Acquisition Costs — In connection with the construction of the Ballpark, the Partnership incurred leasehold acquisition costs, which consist primarily of payments made to the Washington State MLB Stadium Public Facilities District (PFD) under the Ballpark Development Agreement (the “Development Agreement”). These costs have been capitalized and are being amortized on a straight-line basis over the life of the related lease (see Note 7).

Prepaid Signing Bonuses — Major league signing bonuses paid for player contracts are amortized on a straight-line basis over the terms of the respective players’ contracts. With respect to options to extend contracts, the Club includes all option years for which the player has the exclusive right to extend the contract when determining the amortization period for signing bonuses. In instances where the option to extend the contract is the Club’s right, or if the option is dependent on the attainment of specified performance criteria, any periods to which the option relates are not included in the contract term. Amortization of major league signing bonuses is included in major league player compensation. Minor league signing bonuses paid are amortized on a straight-line basis over the players’ average expected term of play, currently estimated to be five years, and are included in expense as amortization expense. Prepaid signing bonuses are written off and recorded as an expense when players are released or are written off at the end of a player’s contract term.

Player Acquisition Costs — Costs associated with the right to negotiate or to obtain a player are expensed as incurred as a component of major league or minor league team operations. The Partnership incurred net player acquisition costs of approximately $153,000 and $26,000 for the years ended October 31, 2008 and 2007, respectively.

Unanticipated Capital Cost Receivable — The Partnership maintains a receivable from the PFD for unanticipated capital expenditures related to the operation of the Ballpark. The collection of this receivable will be funded by the PFD through the use of a 5% admissions tax on Ballpark events. These funds become available subsequent to the retirement of parking garage bonds (the "Bonds") issued by King County (see Note 6). The Partnership earns interest on the principal balance at the prime rate, which was 4.0 % and 7.5% as of October 31, 2008 and 2007, respectively. The receivable balance at October 31, 2008 and 2007 was $25,707,000 and $23,821,000, respectively.

American League Franchise Right — The Partnership accounts for intangible assets in accordance with Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets*. SFAS No. 142 requires the use of a nonamortization approach to account for intangibles with indefinite useful lives. The Partnership has determined that its American League franchise right is an intangible asset with an indefinite useful life. Under a nonamortization approach, intangibles with indefinite useful lives are not amortized, but instead are reviewed for impairment and written down only in the periods in which it is determined that the recorded values of such assets are more than their fair values. The Partnership performs an annual impairment test of its intangible asset representing its American League franchise right on October 31 of each year or more frequently upon the occurrence of events that indicate impairment of this asset. To date, there have been no impairments.

Long-Lived Assets — The Partnership periodically evaluates the carrying value of long-lived assets for impairment, under the provisions of SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, to determine whether any events or circumstances indicate that the carrying amount of the assets may not be recoverable. The carrying value of long-lived assets (asset groups) is considered impaired when indicators of impairment are present and undiscounted cash flows estimated to be generated by the asset (asset group) are less than the asset's (asset group's) carrying amount. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the asset (asset group). There have been no impairments related to long-lived assets during the years ended October 31, 2008 and 2007.

Deferred Compensation — Deferred compensation liabilities related to player contracts are recorded at present value using various interest rates in accordance with terms of applicable contracts or imputed interest rates ranging from 5% to 11%. Compensation expense is recorded at the present value of the deferred payments during the period earned. Interest related to the deferred salaries is expensed over time until the deferred salary is paid.

Sales Taxes Payable — The 1995 legislation allowing for construction of the Ballpark allowed state sales taxes on Ballpark construction costs and purchases of Ballpark property and equipment (the "Ballpark project costs") that was deferred until December 31, 2005, and will be paid to the state evenly in the amount of $211,907 per year over the subsequent 10 years. This legislation applies only to Ballpark project costs that were incurred on or before July 31, 1999. The Partnership made its first installment payment in December 2005 and continues to make payments annually.

Relating to this responsibility, the Partnership is obligated to pay deferred sales tax on construction costs of the Ballpark when funds invested by the PFD run out. At October 31, 2008, the total estimated shortfall of funds is approximately $13.5 million, and is expected to occur in the year 2011. The Partnership has recorded the present value of this obligation (approximately $9.5 million as of October 31, 2008). Interest expense is accrued annually at an effective rate of 8%.

Merchandising — **Net** — For the years ended October 31, 2008 and 2007, merchandising consists of the following (in thousands):

	2008	2007
Product revenues	$ 9,813	$ 12,302
Cost of goods sold	(4,413)	(5,475)
Related operating expenses	(2,145)	(2,418)
Merchandising — net	$ 3,255	$ 4,409

Advertising — Advertising costs are expensed when incurred. The Partnership incurred advertising expenses of approximately $1,304,000 and $1,265,000 for the years ended October 31, 2008 and 2007, respectively.

Income Taxes — No provision for income taxes is required because the allocated shares of the Partnership's gain or loss for the period are included in the income tax returns of the partners.

Recent Accounting Pronouncements — In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 157, *Fair Value Measurements*. This statement clarifies the definition of fair value, establishes a framework for measuring fair value, and expands the disclosures on fair value measurements. SFAS No. 157 will be effective for the Club, with respect to financial assets and liabilities, beginning November 1, 2008. The Club does not expect SFAS No. 157 to have a material impact on the Club's financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115*. This statement permits entities to choose, at specified election dates, to measure eligible items at fair value (the "fair value option") and requires an entity to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. Up front costs and fees related to items for which the fair value option is elected shall be recognized in earnings as incurred and not deferred. SFAS No. 159 will be effective for the Club beginning November 1, 2008. The Club does not expect SFAS No. 159 to have a material impact on the Club's financial position or results of operations.

2. NATIONAL REVENUES — NET

Major League's Central Fund — The Commissioner's Office administers the Major League's Central Fund (MLCF), which accumulates national radio and television revenue, Superstation income, copyright royalties, All-Star game income, interest, and other income. Expenses of the players' benefit and retirement plans, the MLB Player Relations Committee, Inc., the Commissioner's Office, and the Major League Scouting Bureau, as well as umpire costs and other related expenses, are paid from the MLCF. The excess, if any, of cash receipts over disbursements of the MLCF is distributed to all MLB club members. The MLCF transactions are recorded based upon its fiscal year-end, which is October 31.

Major League Baseball Enterprises, Inc. — Major League Baseball Enterprises, Inc. (MLBE) is the parent entity for Major League Baseball Properties, Inc. (MLBP) and Baseball Television, Inc. (BTI). MLBP acts as the exclusive agent for the MLB club members with respect to licensing, the use of baseball trademarks, copyrights, and national sponsorships. BTI acts as the exclusive agent with respect to royalties received for international broadcast rights. Revenues related to MLBP and BTI, less agency fees used to cover expenses, are distributed to the MLB club members through MLBE.

For the years ended October 31, 2008 and 2007, the Partnership recorded a total of $28,132,000 and $31,453,000, respectively, of National Revenues relating to the above. As of October 31, 2008 and 2007, the Partnership has recorded $20,488,000 and $30,972,000, respectively, relating to amounts receivable from MLB. As of October 31, 2008 and 2007, the Club has classified $7,893,000 and $12,032,000, respectively, of this receivable as a noncurrent receivable.

3. OTHER MLB ACTIVITIES

Major League Revenue-Sharing Agreement — In October 2006, MLB and the Major League Baseball Players' Association (MLBPA) negotiated a new, five-year Collective Bargaining Agreement (CBA). This agreement was ratified by all parties and is effective through the 2011 season. The CBA prescribes definitions and rules that determine the MLB clubs' revenue-sharing expenses or receipts. The Partnership has recorded expenses of $16,174,000 and $8,284,000 related to revenue sharing for the years ended October 31, 2008 and 2007, respectively.

Major League Baseball Advanced Media — As a member of MLB, the Partnership holds a 3.33% (1/30) investment in Major League Baseball Advanced Media (MLBAM), which operates a league-wide Internet site and other MLB media ventures. The Partnership's investment in MLBAM is accounted for on the cost basis. The investment in MLBAM was $2,567,000 at both October 31, 2008 and 2007, and is included in other assets. A distribution of earnings of $2,000,000 and $1,567,000 was received from MLBAM during the years ended October 31, 2008 and 2007, respectively, and was included in other income.

Baseball Expos LP — The Partnership has a 3.44% (1/29) investment in Baseball Expos LP (BELP), which operated the Montreal Expos (now the Washington Nationals) MLB franchise. The Partnership's investment in BELP is accounted for on the cost basis. The investment in BELP was $36,000 at both October 31, 2008, and October 31, 2007, and is included in other assets.

Baseball Endowment LP — During 2007, BELP transferred most of its assets to a new entity, Baseball Endowment LP (BELP II). The Partnership has a 3.33% (1/30) investment in BELP II which is also accounted for on the cost basis. During 2008, $5,233,000 was transferred from the MLB Central Fund noncurrent receivable to BELP II as an additional investment. The Club's carrying value of the investment in BELP II was $8,633,000 and $3,400,000 at October 31, 2008 and 2007, resepectively, and is included in other assets. There are assets within the BELP II fund that do not have readily determinable fair values. The Club's share of the estimated fair value of BELP II approximates the carrying value of the investment as of October 31, 2008.

Debt Service Rule — Effective November 1, 2005, MLB club members established a policy to help ensure the financial stability of the industry. This stability is determined by compliance with the debt service rule which requires that no club may maintain more debt, as defined in the CBA, than can reasonably be supported by its earnings before interest, taxes, depreciation, and amortization. The Partnership met the debt service rule requirement at October 31, 2008 and October 31, 2007.

4. PROPERTY AND EQUIPMENT

Property and equipment at October 31, 2008 and 2007, consisted of the following (in thousands):

	2008	2007
Equipment, furniture, and fixtures	$ 25,368	$ 24,543
Leasehold improvements	17,432	16,518
Total property and equipment	42,800	41,061
Less accumulated depreciation and amortization	(36,483)	(33,750)
Property and equipment — net	$ 6,317	$ 7,311

5. LINE OF CREDIT

The Partnership has a line of credit from a bank pursuant to a revolving credit agreement (the "Credit Agreement") that provides for a line of credit up to $40 million in borrowings available through November 1, 2010. In October 2008, the credit agreement was extended and several of the covenants were modified. Borrowings under the Credit Agreement bear interest at a rate based on either the bank's prime rate less 0.25% or at a fixed rate based on the London InterBank Offered Rate (LIBOR) plus 0.85%, depending on the rate selected by the Partnership. The line of credit is collateralized by all of the Partnership's accounts, including, but not limited to, rights to receive distributions from the Commissioner's Office and substantially all assets of the Partnership, including all rights, title, and interest in the Partnership's membership in the American League of Professional Baseball Clubs. Covenants under this agreement require the Partnership to maintain net worth and cash flow coverage ratios and include a clean-down provision requiring the Partnership to repay sufficient principal from time to time such that the maximum outstanding borrowings are no more than $20 million for 30 consecutive days during the annual period ending on October 1 of each year. There were no amounts outstanding under this line of credit at October 31, 2008 and 2007. The Partnership maintained compliance with all such covenants during the years ended October 31, 2008 and 2007. However, subsequent to October 31, 2008, the Club was out of compliance with the debt covenant that required audited financial statements be submitted to the bank within 120 days of the Club's fiscal year end.

6. COMMITMENTS AND CONTINGENCIES

Employment Contracts — The Partnership has certain contracts with players, managers, and other personnel pursuant to which substantially all payments for compensation are guaranteed by the Partnership, subject to certain contractual prohibitions.

Anticipated annual payments for respective baseball seasons under guaranteed contracts, excluding deferred compensation described below, are summarized as follows (in thousands):

Years Ending October 31	Player Contracts	Other Contracts	Total
2009	$ 70,850	$ 6,138	$ 76,988
2010	37,500	1,771	39,271
2011	35,850	1,145	36,995
2012	16,000		16,000
	$ 160,200	$ 9,054	$ 169,254

Certain contracts with players, managers, and other personnel provide for additional incentive and award payments in the event specified performance criteria are achieved. The Partnership is also committed to provide academic scholarships to certain players signing their first professional baseball contracts.

Annual payments pursuant to deferred compensation agreements, before giving effect to the present value thereof, are as follows (in thousands):

Years Ending October 31	Deferred Compensation
2009	$ 2,870
2010	2,139
2011	1,785
2012	1,535
2013	4,942
Thereafter	73,806
	$ 87,077

The Partnership has recorded an obligation on the balance sheets for deferred compensation of approximately $22,747,000 and $20,312,000 at October 31, 2008 and 2007, respectively, to reflect the present value of these agreements.

Ballpark Commitments — In July 1999, under the terms of the Development Agreement with the PFD, the Partnership contributed $45 million toward construction of the Ballpark. Further, the Partnership has contractually committed to pay for certain types of construction costs incurred in excess of bonds issued by King County and the Partnership's $45 million commitment. Total project costs that have been incurred related to the Partnership's potential obligation to pay certain of these costs have been capitalized in leasehold acquisition costs in the accompanying financial statements.

In connection with the construction of the Ballpark parking garage, funding was made available through issuance of the Bonds. The Bonds were issued in the amount of approximately $26 million and mature in 2016. The Partnership has guaranteed payment of the Bonds in the event that admission taxes generated by the Ballpark are insufficient to pay the debt service on the Bonds. Management believes it is probable that Ballpark admission taxes will be sufficient to satisfy this obligation.

Insurance Coverage — The Partnership obtains insurance for workers' compensation for all employees. In addition, the Partnership purchases insurance for business automobiles, general liability, property, and other risks. With respect to workers' compensation claims, the Partnership has elected to retain expected losses through the use of a self-insured retention with potential exposure ranging from $250,000 to $500,000 per occurrence. Provisions for losses expected under this program are recorded based upon estimates of claims incurred. As of October 31, 2008 and 2007, the Partnership had recorded liabilities totaling approximately $1,393,000 and $1,269,000, respectively, related to its workers' compensation self-insured retention.

Other Contingencies — The Partnership is involved in various other legal matters and claims arising in the ordinary course of business. Such matters generally relate to employment contracts, various insurance agreements, other contractual relationships, and general liability issues. In the opinion of management of the Partnership, the ultimate liability, if any, with respect to these matters will not materially affect the Partnership's financial position, results of operations, or liquidity.

7. LEASES

The Partnership has signed a Ballpark operations and lease agreement with the PFD. This agreement obligates the Club to play 90% of its regular season MLB home games in the Ballpark through the year 2018. In addition, the Partnership has control over scheduling and the related revenues from nonbaseball events held at the Ballpark. The lease may be extended by the mutual agreement of the Partnership and the PFD for up to three renewal periods, each with a term of five years. In addition, the Partnership will be responsible for the operation and maintenance of, as well as certain defined capital repairs to the facility over the period of the lease. The Partnership has issued a $5,000,000 irrevocable standby letter of credit in favor of the PFD to secure its obligation to fund such capital improvements and maintenance expenditures. No amounts have been drawn against this letter of credit to date. The Partnership has agreed to an initial annual rent payment for the Ballpark of $700,000, adjusted annually for inflation, based on the change in the Consumer Price Index, as well as profit sharing, in certain defined circumstances. The adjusted Ballpark rent was $873,000 and $834,000 for the years ended October 31, 2008 and 2007, respectively.

The Partnership has a Sports Facilities Use Agreement with the municipality of Peoria, Arizona, that expires in 2014, which obligates the Club to utilize the facility for spring training activities during each year of the agreement and permits certain usage during the nonspring training season. Revenues generated from use of the facility are shared by the parties, and the Partnership is required to pay annual rent of $62,237, adjusted annually for inflation. Certain operating costs are paid by the Partnership.

In addition, the Partnership has noncancelable operating leases for equipment and certain office space. Future minimum payments, by year and in the aggregate, under these noncancelable lease agreements (including lease payments for the Ballpark and Peoria Sports Complex) with initial or remaining terms of one year or more, at October 31, 2008, consist of the following (in thousands):

Years Ending October 31	Operating Leases
2009	$ 1,082
2010	910
2011	908
2012	804
2013	762
Thereafter	3,578
	$ 8,044

The Partnership incurred approximately $2,018,000 and $2,001,000 in total rental expenses for the years ended October 31, 2008 and 2007, respectively.

8. BENEFIT PLANS

Player Pension — The Partnership and other MLB club members are required to provide pension and medical benefits to qualifying players under the CBA negotiated with the MLBPA. The CBA requires that each team make specific contributions to the plan. Contributions aggregated approximately $5,023,000 and $4,917,000 for the years ended October 31, 2008 and 2007, respectively. The Partnership does not have access to the funded status of the plan.

Defined Benefit Plans — The Partnership also has two defined benefit pension plans covering full-time front office employees, scouts, and minor league personnel. These are considered multiple employer plans, as the Partnership is one of the plan sponsors and has a separate account from the other MLB teams. The benefit formula is a function of both years of service and the average of the five highest consecutive years of pensionable pay within the last 10 years of employment. A new plan was established effective January 1, 2008, to provide pension benefits under a simplified formula to minor league employees. This new plan was established by a transfer of assets and liabilities from the original plan. The Partnership's funding policy is to make the minimum annual contribution required by applicable regulations, as computed under the projected unit credit actuarial cost method.

Effective October 31, 2007, the Partnership adopted SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106, and 132(R),* which requires that the balance sheet reflect the funded status of pension and postretirement plans. The funded status of the plans is measured as the difference between the plans' assets at fair value and the projected benefit obligation. The Partnership has recognized the underfunded plans in accrued pension plan liability. The required minimum contribution, payable in the next 12 months, is reflected in accounts payable and accrued liabilities.

At October 31, 2007, previously unrecognized differences between actual amounts and estimates based on actuarial assumptions are included in accumulated other comprehensive loss in the balance sheet as required by SFAS No. 158. In future reporting periods, the difference between actual amounts and estimates based on actuarial assumptions will be recognized in comprehensive loss or gain on pension obligation in the period in which they occur.

Effective for fiscal years ending after December 15, 2008, SFAS No. 158 will require the Partnership to measure plan assets and benefit obligations at fiscal year end. As the Partnership currently performs this measurement at October 31 of each year, this will not impact the Partnership.

Information regarding the Partnership's two defined benefit plans (the "Plans") for the years ended October 31, 2008 and 2007, is as follows (in thousands):

	2008	2007
Change in benefit obligations:		
Benefit obligation — beginning of year	$ 28,138	$ 26,025
Service cost	2,065	1,970
Interest cost	1,855	1,660
Benefits paid	(528)	(558)
Actuarial (gains)	(6,339)	(959)
Benefit obligation — end of year	$ 25,191	$ 28,138

	2008	2007
Change in plan assets:		
Fair value of plan assets — beginning of year	$ 22,387	$ 17,682
Actual return on plan assets	(6,358)	2,338
Employer contributions	2,235	2,925
Benefits paid	(528)	(558)
Fair value of plan assets — end of year	$ 17,736	$ 22,387
Funded status	$ (7,456)	$ (5,750)
Unrecognized actuarial gain		
Unrecognized prior service cost		
Accumulated other comprehensive gain		
Amounts included in balance sheet — accrued benefit liability	$ (7,456)	$ (5,750)
Weighted-average assumptions as of end of fiscal year:		
Discount rate	7.50 %	6.25 %
Expected return on plan assets	8.50	8.50
Rate of compensation increase	5.50	5.50
Components of net periodic benefit pension cost:		
Service cost	$ 2,065	$ 1,970
Interest cost	1,855	1,660
Expected return on plan assets	(1,843)	(1,499)
Amortization of:		
Prior service cost	8	2
Actuarial losses	114	338
Net periodic benefit cost	$ 2,199	$ 2,471

Information for the 2008 disclosures above is based on actuarial participant data as of January 1, 2008, and information for the 2007 disclosures above is based on an actuarial participant data as of January 1, 2007. The measurement date is as of October 31. The accrued amount expected to be funded in the ensuing year related to the pension liability is included as a current liability (within accounts payable and accrued liabilities) on the balance sheets at October 31, 2008 and 2007. The expected contribution required during the year ending October 31, 2009, is $2,860,000.

Benefits expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter, are as follows (in thousands):

Years Ending October 31	
2009	$ 677
2010	814
2011	873
2012	950
2013	1,155
2014–2018	9,560
	$ 14,029

The Plans invest in various equity and debt securities. The investment strategy for the Plans is controlled for all MLB teams by MLB. The target allocation and actual allocations of Plan assets were as follows:

		Allocation as of October 31,	
Asset Category	**Target Allocation**	**2008**	**2007**
Domestic equity	10% – 65%	40 %	46 %
International equity	10% – 65%	11	15
Fixed income	5% – 25%	32	25
Real estate	5% – 15%	0	
Hedge funds	5% – 15%	11	4
Cash	0% – 5%	6	10
	100%	100 %	100 %

The expected return on assets assumption is intended to be a long-term rate and relates to earnings expected on funds invested or to be invested to provide for benefits reflected in the Plans’ projected benefit obligation. In developing the expected long-term rate of return on assets assumption, management evaluated input from actuaries and from pension fund investment advisors, including such advisors’ review of the Plans’ historical actual returns, which have been in excess of related broad indices and in excess of the Plans’ return on asset assumption. Management anticipates that its investment managers will continue to generate long-term returns in excess of its assumed rates, despite temporary downturns in market performance.

Defined Contribution Plan — The Partnership has a defined contribution 401(k) plan that covers all minor league players and nonuniform employees who satisfy minimum age and hours of service requirements. Partnership contributions to the plan are at the discretion of the Partnership. Partnership contributions were approximately $135,000 and $126,000 for the years ended October 31, 2008 and 2007, respectively.

9. SUBSEQUENT EVENTS

In the ordinary course of off-season preparation for upcoming seasons, the Partnership enters into contracts with players and managers. These contracts will require the Partnership to pay salary, incentives, and award bonuses under the terms of these agreements.

In November 2008, a portion of the Partnership's land was sold for $1,467,000. The original cost of the sold property was $378,000, thus a gain on sale of land of $1,089,000 will be recognized in the year ending October 31, 2009.

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