HEIN & ASSOCIATES LLP
Certified Public Accountants and Advisors

ANGELS BASEBALL LP
(A California Limited Partnership)

Financial Statements
For the Years Ended
December 31, 2009 and 2008

TABLE OF CONTENTS

HEIN & ASSOCIATES LLP
Certified Public Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the General and Limited Partners of
Angels Baseball LP
Anaheim, California

We have audited the accompanying balance sheets of Angels Baseball LP as of December 31, 2009 and 2008, and the related statements of income, changes in partners' capital and cash flows for the years ended December 31, 2009 and 2008. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, the financial statements referred to above present fairly, in all material respects, the financial position of Angels Baseball LP as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years ended December 31, 2009 and 2008, in conformity with accounting principles generally accepted in the United States of America.

Hein & Associates LLP

HEIN & ASSOCIATES LLP

Irvine, California
March 23, 2010

2010 Main Street, Suite 1000
Irvine, California 92614
Telephone: 949-428-0288
Fax: 949-428-0280
www.heincpa.com

ANGELS BASEBALL LP

BALANCE SHEETS

(in thousands)

	December 31, 2009	December 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash, cash equivalents and restricted cash (Note 2)	$ 27,642	$ 16,494
Accounts receivable, net (Note 5)	7,490	6,848
Deferred signing bonus	1,500	2,055
Prepaid expenses and other current assets	1,167	1,964
Total current assets	37,799	27,361
RELATED PARTY NOTE RECEIVABLE (Note 14)	34,131	33,749
DEFERRED SIGNING BONUS	2,183	3,683
RESTRICTED INVESTMENTS (Note 4)	423	441
INVESTMENT IN UNCONSOLIDATED AFFILIATES (Note 2)	14,359	10,198
PROPERTY AND EQUIPMENT, net (Notes 2 and 6)	61,957	63,795
INTANGIBLE ASSETS, net (Notes 1, 2 and 7)	10,845	12,267
OTHER NON-CURRENT ASSETS	419	220
TOTAL ASSETS	$ 162,116	$ 151,714
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES:		
Accounts payable and other accruals (Note 8)	$ 10,718	$ 8,167
Accrued salaries and other benefits (Notes 2 and 13)	2,840	2,746
Current portion of notes payable (Note 11)	45,814	4,594
Deferred revenues and other	46,099	46,647
Accrued signing bonus (Note 10)	3,382	3,320
Deferred compensation (Note 9)	423	441
Total current liabilities	109,276	65,915
NOTES PAYABLE (Note 11)	10,938	54,501
DEFERRED REVENUES	1,645	1,772
PENSION BENEFIT OBLIGATION (Note 13)	7,482	7,838
ACCRUED SIGNING BONUS (Note 10)	67	-
Total liabilities	129,408	130,026
COMMITMENTS AND CONTINGENCIES (Notes 2, 3, 12, 13 and 15)		
PARTNERS' CAPITAL (Note 14)	32,708	21,688
TOTAL LIABILITIES AND PARTNERS' CAPITAL	$ 162,116	$ 151,714

The accompanying notes are an integral part of these financial statements.

ANGELS BASEBALL LP

STATEMENTS OF INCOME

(in thousands)

	For the Years Ended December 31, 2009	2008
Revenues:		
Home game ticket receipts	$ 100,116	$ 103,209
Major League Central Fund and other	37,774	38,822
Local broadcast	45,998	42,967
Food and beverage	15,593	16,516
Local advertising	16,730	19,005
Other	12,491	12,976
Playoff revenue	12,122	4,374
	240,824	237,869
Expenses:		
Major league operations (Note 2 and 13)	139,475	142,138
Minor leagues operations (Note 2 and 13)	8,031	8,087
Scouting	11,262	8,252
Stadium operations (Note 12)	16,671	16,840
Major League Baseball revenue sharing	16,402	14,747
Major League Central Fund	10,916	11,631
Sales and advertising	9,846	10,080
Umpire program (Note 3)	1,055	1,196
General, administrative and other	12,513	12,502
Playoff expenses	2,727	1,142
	228,898	226,615
Income Before Depreciation, Amortization of Intangible Assets, Equity Income and Interest	11,926	11,254
Depreciation (Note 6)	(4,790)	(4,981)
Amortization of Intangible Assets (Note 7)	(1,422)	(2,595)
Equity in Income of Unconsolidated Affiliates	6,160	3,654
Interest Income	627	2,492
Interest Expense	(1,769)	(2,736)
Net Income	$ 10,732	$ 7,088

The accompanying notes are an integral part of these financial statements.

ANGELS BASEBALL LP

STATEMENTS OF CHANGES IN PARTNERS' CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
RESTATED
(in thousands)

PARTNERS' CAPITAL, at January 1, 2008	$	39,489
DISTRIBUTIONS		(20,000)
OTHER COMPREHENSIVE LOSS (Note 13)		(4,889)
NET INCOME		7,088
PARTNERS' CAPITAL, at December 31, 2008		21,688
OTHER COMPREHENSIVE INCOME (Note 13)		288
NET INCOME		10,732
PARTNERS' CAPITAL, at December 31, 2009	$	32,708

The accompanying notes are an integral part of these financial statements.

ANGELS BASEBALL LP

STATEMENTS OF CASH FLOWS

(in thousands)

	For the Years Ended December 31, 2009	2008
Cash Flows from Operating Activities:		
Net Income	$ 10,732	$ 7,088
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation (Note 6)	4,790	4,981
Loss on sale of property and equipment	-	126
Amortization of signing bonuses (Note 2)	2,055	3,833
Amortization of intangible assets (Note 7)	1,422	2,595
Equity in income of unconsolidated affiliates	(6,160)	(3,654)
Distributions from unconsolidated affiliates	2,000	2,068
Changes in assets and liabilities		
(Increase) decrease in assets:		
Accounts receivable	(642)	247
Deferred signing bonuses	-	(918)
Prepaid expenses and other current assets	797	304
Other non- current assets	(199)	(120)
Increase (decrease) in liabilities:		
Accounts payable and other accruals	2,551	(57)
Accrued salaries and other benefits	94	4,619
Deferred revenues and other	(675)	(8,463)
Pension benefit obligation	(68)	(4,889)
Accrued signing bonus	129	(4,808)
Deferred compensation	(18)	(18)
Net cash provided by operating activities	16,808	2,934
Cash Flows from Investing Activities:		
Interest on related party note receivable	(383)	(963)
Purchases of property and equipment	(2,952)	(1,448)
Proceeds from sale of investments	18	18
Net cash used in investing activities	(3,317)	(2,393)
Cash Flows from Financing Activities:		
Proceeds from notes payable	43,470	-
Payment of notes payable	(45,813)	(3,874)
Distributions to Partners	-	(20,000)
Net cash used in financing activities	(2,343)	(23,874)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	11,148	(23,333)
Cash, Cash Equivalents and Restricted Cash, beginning of period	16,494	39,827
Cash, Cash Equivalents and Restricted Cash, end of period	$ 27,642	$ 16,494
Supplemental Disclosure		
Cash paid during the period for interest	$ 1,276	$ 2,426

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
(in thousands)

1. <u>ORGANIZATION AND NATURE OF OPERATIONS</u>:

<u>*Business*</u> – Angels Baseball LP (the "Partnership") operates a professional baseball team (the "Club"), which is a Major League Baseball ("MLB") franchise.

<u>*Partnership Acquisition*</u> – Effective May 22, 2003, Anaheim Angels Baseball Club, Inc. and Anaheim Sports, Inc., both ultimately wholly-owned subsidiaries of the Walt Disney Co., merged into two limited partnerships newly formed by the buyer, Moreno Baseball, LP, the General Partner and Moreno Family Baseball, LP, the Limited Partner with respective ownership interests of 25% and 75%.

Effective October 24, 2003, the partnership agreement was amended to include two additional partners, Levine Investments and SBJM Investments contributing $17,250 and $1,725 for a limited partnership interest of 10% and 1%, respectively. Effective January 1, 2006, the partnership agreement was amended to include one additional partner, Pope Family contributing $3,450 for a limited partnership interest of 2%. The Moreno Baseball, LP and Moreno Family Baseball, LP partnership interests were reduced to 22.25% and 64.75%, respectively, due to the additional contribution of capital.

Effective December 30, 2009, the partnership agreement was amended to transfer a 10% interest in the partnership from Moreno Family Baseball, LP to an additional partner, RN Properties, an affiliate of Moreno Baseball, LP and Moreno Family Baseball, LP, which reduced the Moreno Family Baseball, LP partnership interest to 54.75%.

2. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>:

<u>*Basis of Presentation*</u> – The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

<u>*Revenue Recognition*</u> – Revenue is recognized when persuasive evidence of an arrangement exists, the product or service has been delivered, fees are fixed and determinable, collectibility is probable and when all other significant obligations have been fulfilled.

Revenues from broadcast, parking and ticket sales are recognized when the related game is played. Local advertising revenue is recognized over the season.

The Partnership currently subcontracts its merchandise and food and beverage concessions to third parties and earns revenue based on percentage of gross receipts. The Partnership recognizes this revenue as earned when the games are played.

The baseball clubs comprising MLB are participants in the revenues and expenses of the Major League Central Fund (the "Central Fund") which is under the custody of the Commissioner of Baseball. Revenues of the Central Fund are primarily generated from the sale of certain national television and radio broadcast rights. The Central Fund bears the cost of financing player pensions and group insurance programs, maintains the Commissioner's Office and Major League Scouting Bureau, and provides other services as determined by the Executive Council of MLB. Other revenue includes distributions from MLB Properties. Revenues and expenses are recorded based upon notification received from MLB as to the Club's respective share.

2. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)</u>:

On October 26, 2006, the Major League Baseball Players Association ("Players Association") and owners approved a new collective bargaining agreement covering the years 2007 through 2011 (the "Agreement"). The five-year agreement, which runs through December 11, 2011, calls for adjusted formulas for revenue sharing, a higher threshold for the competitive balance tax, a redesign of the amateur player draft, changes in free agent draft-pick compensation and deadlines, and a continuation of the drug policy. Revenue sharing among the MLB teams is determined by specified formulas applied to the financial results of each of the respective teams. Amounts due from the Club are accrued in the financial statements based on estimates from the League. Amounts due to the Club are recognized as the cash is received.

<u>Cash, Cash Equivalents and Restricted Cash</u> – The Partnership considers all highly liquid investments purchased with an original maturity of 90 days or less to be cash equivalents. Restricted cash represents amounts collected as security deposits from suite holders. The Partnership is required to hold the deposits through the term of the suite holder's agreement. These deposits are classified as other current liabilities in the accompanying balance sheets and were $543 and $535 as of December 31, 2009 and 2008, respectively.

<u>Allowance for Doubtful Accounts</u> – Trade accounts receivable are recorded at net realizable value. The Company does business and extends credit based on an evaluation of the customers' financial condition generally without requiring collateral. Exposure to losses on trade receivables is expected to vary by customer due to the financial condition of each customer. The Company monitors exposure to credit losses and maintains allowances for anticipated losses considered necessary under the circumstances.

Delinquent trade accounts receivable are charged against the allowance for doubtful accounts once uncollectibility has been determined. The allowance is determined through an analysis of the aging of accounts receivable and assessments of risk that are based on historical trends and an evaluation of the impact of current and projected economic conditions. The Company evaluates the past-due status of trade receivables based on contractual terms of sale. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of ability to make payments, additional allowances may be required.

<u>Concentrations of Credit Risk</u> – Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed completely to perform as contracted. Concentrations of credit risk (whether on or off balance sheet) that arise from financial instruments exist for groups of customers or counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions described below.

Financial instruments, which potentially subject the Partnership to concentration of credit risk consist of cash balances maintained in excess of federal depository insurance limits and accounts receivable, which have no collateral or security.

The Partnership maintains cash in commercial banks. At times such balances may be in excess of FDIC insured limits. There was no uninsured balance as of December 31, 2009. All cash and cash equivalents are insured under the FDIC's Transaction Account Guarantee Program and are fully guaranteed through June 30, 2010. The Partnership maintains cash balances in money market funds. Such balances are not insured by the FDIC. At December 31, 2009, the uninsured balance was $20,250. The Partnership has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

(in thousands)

2. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)</u>:

<u>*Player Contracts*</u> – The Partnership capitalizes the costs of major league player signing bonuses and amortizes them on a straight-line basis over the life of the related contracts. Accrued signing bonuses represent amounts owed under existing contracts. The amortization of signing bonuses is included in the statements of operations as a Major League Operations expense and was $1,900 and $3,833 for the years ended December 31, 2009 and 2008. Costs relating to annual salaries under guaranteed player contracts are expensed as incurred.

<u>*Investment in Unconsolidated Affiliates*</u> – The Partnership has a minority interest in four limited partnerships, and accounts for these investments using the equity method.

Summarized financial information for these partnerships at December 31, 2009 and 2008 and for the years then ended is as follows:

	DECEMBER 31,	
	2009	2008
	(unaudited)	(unaudited)
Total current assets	$ 252,535	$ 129,516
Investments	278,514	238,447
Other assets	253,998	178,448
Total assets	785,047	546,411
Total current liabilities	251,577	106,959
Notes payable	26,000	74,500
Other liabilities	60,645	56,844
Total shareholders' equity	446,825	308,108
Total liabilities and partners' equity	785,047	546,411
Total revenues	383,580	441,785
Total costs and expenses	230,675	401,296
Net income	$ 152,905	$ 40,489

<u>*Property and Equipment*</u> – Property and equipment are recorded at cost and depreciated over the following estimated useful lives:

Property and equipment	3 – 10 years
Stadium renovations	20 years (remaining on lease)
Leasehold improvements	The shorter of the lease term or the estimated useful life

Upon retirement or sale, the cost of the disposed assets and the related accumulated depreciation are written-off and any resulting gain or loss is recognized in the accompanying statement of operations. Repairs and maintenance costs are expensed as incurred.

(in thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Intangible Assets – Intangible assets represent the excess consideration paid to the prior owner of the baseball team over the fair value of the tangible net assets acquired. This excess of $112,958 was allocated between player contracts, broadcast cable, television, and radio rights, sponsorship contracts, concessions contracts, merchandise contracts, luxury suite contracts, naming rights contract, Angels' song, implied franchise value, and other based on their relative fair values at the acquisition date.

The intangible assets are amortized using the straight-line method over the following estimated useful lives:

Player contracts	3 years
Sponsorship contracts	3 years
Concessions contracts	8 years
Merchandise contracts	3 years
Luxury suite contracts	2 years
Local broadcast cable rights and other	6 years
Local broadcast television rights	5 years
Local broadcast radio rights	3 years

The Angels' song and implied franchise value are not subject to amortization expense, as they have indefinite lives.

Impairment – The Partnership follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 360-10, "Impairment or Disposal of Long-Lived Assets", when assessing property and improvements for impairment. The undiscounted cash flows expected to be generated from the asset are compared to its net book value. If the undiscounted cash flows are less than the net book value, the asset is written down to its fair value.

The Partnership follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350-10, "Accounting for Business Combinations, Goodwill, and Other Intangible Assets", when assessing intangible assets with indefinite lives for impairment. Under ASC 350-10 an impairment analysis is performed at least annually to determine if the net book value of the Partnership's reporting unit is less than its fair market value. As of December 31, 2009 and 2008 the Partnership had only one reporting unit and there was no impairment.

Limited Partnership Agreement – The Partnership's operating income or loss, as applicable, is allocated based on ownership interest.

Advertising Costs – The Partnership expenses advertising as incurred. Total advertising expense was approximately $3,380 and $3,518 for the years ended December 31, 2009 and 2008, respectively, and is included as sales and advertising expense in the accompanying statements of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Income Taxes – No provision for income taxes has been made in the accompanying financial statements of the Partnership because the tax effects of its operations accrue to its partners.

The Financial Accounting Standards Board issued new guidance on accounting for uncertainty in income taxes. The Partnership adopted this new guidance for the year ended December 31, 2010. Management evaluated the Partnership's tax positions and concluded that the Partnership had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2004.

Fair Value of Financial Instruments – The carrying values of cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, other accruals, accrued salaries and other benefits approximate fair values because of the relatively short-term nature of these instruments. The carrying value of the restricted investments and notes payable approximates fair value as their respective interest rates approximate market rates.

Use of Estimates in Preparation of Financial Statements – The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and footnotes thereto. Actual results could materially differ from those estimates.

Pension Plan – The Partnership, along with the other MLB clubs, maintains a noncontributory defined benefit pension plan covering Minor League Players and full-time employees of the Partnership (other than major league players and qualified coaches). The Partnership's funding policy is to contribute annually at a rate that is intended to keep the funded amount at a level percentage of compensation for the covered employees.

Recent Accounting Standards

FASB Accounting Standards Codification – In June 2009, the FASB approved the "FASB Accounting Standards Codification" (the "Codification") as the single source of authoritative nongovernmental U.S. GAAP to be launched on July 1, 2009. The codification does not change current U.S. GAAP, but is intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature related to a particular topic in one place. All existing accounting standard documents will be superseded and all other accounting literature not included in the Codification will be considered nonauthoritative. The Codification is effective for interim and annual periods ending after September 15, 2009. Adoption by the Partnership has not led to any material impact on its financial position, results of operation or cash flows.

Subsequent Events – In May 2009, the FASB issued guidance regarding the disclosure of subsequent events. This guidance made no changes to current accounting but added required disclosures regarding the date through which the Partnership has evaluated subsequent events and whether that evaluation date is the date of financial statement issuance or the date the financial statements were available to be issued. This guidance was effective, and adopted by the Partnership beginning in 2009.

The Partnership performed an evaluation of subsequent events through March 23, 2010, which is the date these financial statements were available to be issued, and have determined that except as set forth in Note15, there are no subsequent events that require disclosure.

(in thousands)

3. ASSOCIATION WITH MAJOR LEAGUE BASEBALL:

The Club, along with the other baseball clubs comprising MLB, contributes to the Umpire Program to fund umpire expenses by paying MLB a percentage of gross ticket receipts from all games, net of applicable taxes and surcharges. The percentage paid was 1.40% for both years ended December 31, 2009 and 2008.

MLB requires each baseball club to maintain certain financial metrics and comply with restrictive covenants including established ratios of assets to liabilities, as defined. Violations may result in certain undefined penalties or sanctions. The Partnership was in compliance as of December 31, 2009 and 2008.

4. RESTRICTED INVESTMENTS:

The Partnership's investments consist primarily of annuities, including accrued interest and are held by the Partnership in accordance with the deferred compensation provisions of certain player contracts. Management has classified these investments as held-to-maturity because it has the positive ability and intent to hold them to maturity.

5. ACCOUNTS RECEIVABLE:

Accounts receivable consisted of the following at December 31,

	2009	2008
Trade	$ 2,161	$ 1,885
Receivables from the Central Fund	5,663	5,095
Allowance for doubtful accounts	(334)	(132)
	$ 7,490	$ 6,848

(in thousands)

6. **PROPERTY AND EQUIPMENT:**

Property and equipment consisted of the following at December 31,

	2009	2008
Equipment and furnishings	$ 9,048	$ 6,390
Stadium renovations	64,535	64,535
Leasehold improvements	19,316	19,100
	92,899	90,025
Less accumulated depreciation	(30,942)	(26,230)
	$ 61,957	$ 63,795

The Partnership assumed the lease for the stadium and office facilities that the previous owners entered into with the City of Anaheim, effective October 1, 1996, see Note 12. The original lease term was 33 years with three consecutive three year renewal options. There are 20 years remaining on the original lease term as of December 31, 2009. Depreciation of the stadium renovations, totaling $2,486 for both the years ended December 31, 2009 and 2008, is included in the depreciation expense of $4,790 and $4,981 for the same periods.

7. **INTANGIBLE ASSETS:**

Intangible assets consisted of the following at December 31,

	2009	2008
Player contracts	$ 76,960	$ 76,960
Sponsorship contracts	2,308	2,308
Concessions contracts	7,555	7,555
Merchandise contracts	416	416
Luxury suite contracts	1,718	1,718
Naming rights contracts	920	920
Local broadcast cable rights	6,343	6,343
Local broadcast television rights	1,411	1,411
Local broadcast radio rights	1,247	1,247
Other	4,584	4,584
	103,462	103,462
Accumulated amortization	(102,113)	(100,691)
Net intangible assets subject to amortization	1,349	2,771
Indefinite-lived intangible assets	9,496	9,496
Net intangible assets	$ 10,845	$ 12,267

As of December 31, 2009 and 2008, the amortization expense relating to the definite-lived intangible assets was $1,422 and $2,595, respectively. The indefinite-lived intangible assets, which consist of the Angels' song and implied franchise value, are not subject to amortization. See Note 2.

The future amortization expenses relating to the definite-lived intangible assets are as follows:

2010	956
2011	393
	$ 1,349

(in thousands)

8. LIABILITY UNDER SELF-INSURED GROUP MEDICAL INSURANCE PLAN:

The Company sponsors a self-insured group medical insurance plan. The plan is designed to provide a specified level of coverage, with stop-loss coverage provided by a commercial insurer in order to limit the Company's exposure. The Company's exposure is limited to $75 per person per policy year and an aggregate exposure of $2,772 for the entire plan for the 2009 plan year. The plan provides non-contributory coverage for employees and dependents. The Company's contributions totaled $1,764 for the year ended December 31, 2009.

The Company provides accruals based on the aggregate amount of the liability for reported claims and an estimated liability for claims incurred but not reported. At December 31, 2009, "Accounts payable and other accruals" include an accrued liability related to this plan of $479.

9. DEFERRED COMPENSATION:

At December 31, 2009 and 2008, respectively, the Partnership has accrued deferred compensation relating to a former player in the amount of $423 and $441.

10. ACCRUED SIGNING BONUSES:

At December 31, 2009, the Partnership has accrued signing bonuses related to various current and former players which are all due during 2010.

11. NOTES PAYABLE:

Under the terms of a loan program sponsored by MLB, the Partnership has borrowed $62,969 from a banking syndicate, comprised of a $17,969 term loan ("Loan") and a $45,000 revolving credit facility which was converted to a term loan in December 2008 ("$45M Loan"). The loans are secured by the Partnership's rights to certain revenues from Major League Baseball Central Fund and Major League Baseball Properties. Interest is payable semiannually on the Loan at a rate of 5.56% per annum and monthly on the outstanding balance of the $45M Loan at a rate equal to the commercial paper rate plus 0.225%. In addition, the Partnership pays a quarterly liquidity fee of 0.325% on 102% of the $45M Loan capacity. The commercial paper interest rate was 2.41% at 2008. The $45M Loan was paid in full during December 2009. The balance of the Loan is $13,281 at December 31, 2009 and expires in 2013.

On December 7, 2009, the Partnership entered into a revolving credit loan for aggregrate borrowings up to a maximum of $50,000. The liability is due and payable on December 7, 2010 and bears interest based on the Eurodollar rate. Interest is due monthly. The loan is collateralized by substantially all assets of the partnership. The loan requires compliance with a certain covenant with regards to a fixed charge coverage ratio based on a 12 month rolling calculation which is not in effect until 2010. The Partnership had borrowings outstanding under this revolving loan of $43,470 as of December 31, 2009.

Scheduled annual principal maturities of notes payable are as follows:

Years Ending December 31:	
2010	45,814
2011	2,344
2012	2,344
2013	6,250
	$ 56,752

12. <u>OPERATING LEASES</u>:

The Partnership entered into a noncancelable operating lease agreement for a training facility in Tempe, Arizona effective December 18, 2004 through 2025 with two consecutive five-year renewal options. The rental payments are based upon 20% of ticket revenue and one-half of other revenues generated, as defined in the lease agreement. Costs of operating the training facility were $667 and $706 for the years ended December 31, 2009 and 2008, respectively.

Additionally, the Partnership has a cancelable operating lease, at the option of the Partnership, with the City of Anaheim for the stadium through December 31, 2029. As part of the lease agreement, the Partnership is to pay the City of Anaheim a two dollar surcharge for each paid admission ticket to a home game held at the stadium in excess of 2,600 paid baseball admissions in such year. The Partnership paid to the City of Anaheim $1,793 and $1,796 for the years ended December 31, 2009 and 2008, respectively. Additionally, the lease agreement provides for 25% of the revenues collected from other events and baseball parking in excess of $8,511 and $8,545 respectively, adjusted each year by increases in the CPI. The amounts payable from other events and parking were $175 and $205 as of December 31, 2009 and 2008, respectively.

13. <u>EMPLOYEE BENEFIT PLANS</u>:

The Partnership, along with the other MLB clubs, shares in the cost of the Major League Baseball Players' Benefit Plan, which covers substantially all members of the Players Association. The Partnership's share of the net expense for this plan was $1,773 and $1,426 for the years ended December 31, 2009 and 2008, respectively.

The Partnership, along with the other MLB clubs, maintains a Noncontributory Defined Benefit Pension Plan (the "Plan") covering Minor League Players and full-time employees of the Partnership (other than major league players and qualified coaches). Pension costs are accrued on the basis of current actuarial determinations and are funded in accordance with the requirements of the Employee Retirement Income Security Act of 1974.

(in thousands)

13. EMPLOYEE BENEFIT PLANS (CONTINUED):

Reconciliation of funded status of the plan and the amounts included in the Partnership's Balance Sheets as of December 31,

	2009	2008
Projected benefit obligations:		
Beginning obligation	$ (17,970)	$ (14,729)
Service cost	(1,608)	(1,378)
Interest cost	(1,169)	(1,015)
Benefits paid	434	406
Actuarial (losses) gains	313	(1,254)
Expected expenses	90	-
Ending obligation	(19,910)	(17,970)
Fair value of plan assets:		
Beginning fair value	10,132	11,839
Actual return on plan values	979	(2,668)
Employer contributions	1,842	1,367
Benefits paid	(434)	(406)
Expected expenses	(91)	-
Ending fair value	12,428	10,132
Funded status of the plan	(7,482)	(7,838)
Unrecognized actuarial gains	-	-
Unrecognized prior service cost	-	-
Accrued benefit liability	(7,482)	(7,838)
Amounts recognized in the balance sheet consist of:		
Accrued benefit liability	(7,482)	(7,838)
Intangible asset	-	-
Accumulated other comprehensive loss	-	-
Net amount recognized	(7,482)	(7,838)
Other comprehensive (income) loss for the year	$ (288)	$ 4,889
Rate assumptions:		
Discount rate	6.00%	6.00%
Rate of return on plan assets	8.00%	8.00%
Salary increases	4.50%	5.50%
Net periodic (benefit) expense:		
Service cost	$ 1,608	$ 1,378
Interest cost	1,169	1,015
Expected return on assets	(1,071)	(1,025)
Amortization of prior service cost	58	58
Amortization of actuarial losses	9	-
Net periodic (benefit) expense	$ 1,773	$ 1,426

(in thousands)

13. EMPLOYEE BENEFIT PLANS (CONTINUED):

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2010	549
2011	689
2012	746
2013	765
2014	825

14. RELATED PARTY TRANSACTIONS:

In 2006, the Partnership issued a $30,000 demand note receivable to LAA 1, LLC, a related party under common ownership, bearing interest at LIBOR + 0.50%, adjusted daily. Effective June 1, 2009, the demand note receivable bears interest at LIBOR + 1.25%, adjusted daily. This note and all accrued interest is included on the balance sheet in related party notes receivable. The Partnership is reimbursed for administrative services it provides to LAA 1, LLC and during 2008, it derived rent revenue for the office space that it leased to LAA1, LLC. For the years ending December 31, 2009 and 2008, the income and expenses related to these transactions were immaterial.

15. COMMITMENTS AND CONTINGENCIES:

Legal – In the normal course of business, the Partnership is at times subject to pending and threatened legal actions. In management's opinion, any potential loss resulting from the resolution of these matters will not have a material effect on the results of operations, financial position or cash flows of the Partnership.

Player Contract Commitments and Incentives – As of December 31, 2009, the Partnership has player contract commitments under guaranteed player contracts relating to future baseball seasons, as follows:

2010	$	76,550
2011		73,250
2012		29,200
	$	179,000

Additionally, the Partnership is obligated to pay incentives that are contingent upon future performance of certain players under guaranteed contracts. Expenditures made under these incentive agreements were $2,275 and $167 for the year ended December 31, 2009 and 2008, respectively, and are included in the statements of Operations as Major League operations expenses.

On January 21, 2010, the Partnership traded a player and is still liable for his contract commitment. The partnership will record the liability of $21.5 million during 2010.

15. <u>COMMITMENTS AND CONTINGENCIES (CONTINUED)</u>:

<u>Minor League Affiliations</u> – The Partnership has affiliation arrangements with five minor league franchises that require the Partnership to pay the salaries of the respective players and coaches and certain expenses. The Partnership also owns two minor league teams. Expenditures made under such agreements were $5,042 and $5,106 for the years ended December 31, 2009 and 2008, respectively, and are included in the statements of operations as minor leagues operations expenses.

<u>Concessions Contract</u> – On December 16, 2005, the Partnership entered into an agreement with a concessions vendor through February 28, 2016, whereby the Partnership will receive a certain percentage of gross receipts from food and beverage sales. In addition, the vendor has committed to fund certain mutually agreed upon leasehold improvements and repairs to the concessions area of Angel Stadium over the term of the contract.

<u>Broadcast Contract</u> – On March 31, 2007, the Partnership entered into an agreement with a cable company for exclusive telecast and replay rights for a certain number of pre-season and regular season games each year beginning in 2006 though 2015. In exchange for these rights, the cable company will pay escalating annual rights fees in each year of the contract, plus a signing bonus for the years 2006 – 2008.