

MEMORANDUM OF UNDERSTANDING

9 This Memorandum of Understanding (this “**MOU**”) is made and entered into as of the day of November, 2010 by and between The Multi-Purpose Stadium Authority of Lackawanna County (the “**Authority**”) and SWB Yankees LLC (“**SWB Yankees**”).

Background

The Authority is the record owner of the right to operate a member club (the “**Franchise**”), of the International League of Professional Baseball Clubs, Inc. (the “**League**”), since the Authority purchased it in 1986. The Authority also owns the multi-purpose stadium located at 235 Montage Mountain Road, Moosic, Pennsylvania, which was originally opened in 1989 and which is currently known as PNC Field (the “**Stadium**”). The Authority and the New York Yankees Baseball Club of Major League Baseball are parties to a player development contract dated May 19, 2010 (the “**PDC**”), pursuant to which the Franchise serves as the AAA Minor League Baseball (“**MiLB**”) affiliate of the New York Yankees and plays its home games at the Stadium.

Pursuant to a Management Agreement between the Authority and SWB Yankees dated April 4, 2007, SWB Yankees manages and operates the Franchise on behalf of the Authority. In connection with the execution of the Management Agreement, the Authority and SWB Yankees also executed an Option Agreement dated April 4, 2007 (the “**Option Agreement**”), pursuant to which SWB Yankees maintains the right to purchase the Franchise on the terms set forth in the Option Agreement.

SWB Yankees has expressed its intention to purchase the Franchise pursuant to the terms of the Option Agreement. The Authority and SWB Yankees have expressed their mutual expectation that the Franchise will continue to operate in Lackawanna County (the “**County**”). The Authority also desires for the Franchise to continue operating as a New York Yankees affiliate.

The Authority has determined that the Stadium is in need of significant renovations and enhancements in order to return the Stadium to its status as a first class MiLB facility. The Authority’s and the County’s existing financial commitments make it unlikely that they will have the ability to fund existing and future Stadium repairs. However, the Commonwealth of Pennsylvania has offered to contribute certain funding toward a substantial renovation project, provided that there are matching funds to accompany such state funding. In light of the current economic environment and other financial commitments, the Authority would not be able to secure such matching funds without the sale of the Franchise to SWB Yankees.

In light of the foregoing, the Authority and SWB Yankees have been engaged in extensive discussions regarding an arrangement where SWB Yankees would purchase the Franchise from the Authority and enter into a long-term lease arrangement for use of the Stadium by the Franchise. In turn, the Authority would renovate the Stadium utilizing proceeds from the sale of the Franchise, the funds contributed by the Commonwealth of Pennsylvania and the lease revenue received from SWB Yankees.

The Authority and SWB Yankees now wish to outline their present intentions regarding the purchase and sale of the Franchise, the renovation of the Stadium and the lease of the Stadium from the Authority to SWB Yankees. The following Sections 1 through 8 reflect only the parties' present understanding of the matters discussed herein and constitute neither a complete statement nor establish a legally binding nor an enforceable agreement on the part of either the Authority or SWB Yankees, nor do they impose on any party an enforceable duty or obligation to negotiate toward or conclude any such agreement or commitment. The matters discussed in Sections 1 through 8 will only become binding if and when definitive agreements, have been negotiated and executed by the parties, including without limitation a purchase and sale agreement and a lease agreement. Section 9 is binding on the parties.

1. Purchase and Sale of Franchise. SWB Yankees would purchase the Franchise from the Authority for a purchase price of \$14,600,000.

2. Renovation of Stadium.

(a) The Authority would be responsible for the design and renovation of the Stadium, consistent with the scope set forth in the most recent proposal received from Ewing Cole on October 7, 2010 and the Project Budget (as described below). The Authority and SWB Yankees would cooperate in good faith and would mutually agree on all material decisions relating to the construction process, provided that the Authority would have final veto authority over any decisions that would increase the cost of the project beyond the Project Budget. The Authority and SWB Yankees will work together in good faith to identify cost savings opportunities in connection with the design and renovation process. The Stadium renovation will meet or exceed MiLB standards for AAA facilities, and will be designed in accordance with all federal, state and local ADA specifications, including, without limitation, those required standards and specifications imposed by the Amendments to Titles II and III of the ADA adopted and released by the Department of Justice on July 26, 2010 and subsequently published in the Federal Register on September 15, 2010 at 28 C.F.R Parts 35 and 36, CRT Docket Nos. 105 and 106.

(b) The total budget for the design and renovation (including, without limitation, materials, labor, and change orders) of the Stadium would be up to \$40,000,000 (the "**Project Budget**"). It is presently contemplated that the renovation project would be conducted pursuant to a fixed fee contract and that neither the Authority nor SWB Yankees would be responsible for paying any additional amounts over and above the Project Budget; and that such fixed fee contract will include (i) an express deadline for completion of the renovation project and financial penalties for the failure of the contractor to meet such deadline, which penalties will be paid over to SWB Yankees, (ii) a covenant that neither SWB Yankees nor any of its members or affiliates will have any financial obligation thereunder and (iii) an indemnification of SWB Yankees and its members and affiliates from (A) any claims that one or more of such parties have any financial obligation thereunder (B) any other claims related to or in connection with the renovation project. The Project Budget would be funded with:

(i) approximately \$25,000,000 from the Commonwealth of Pennsylvania;

(ii) a total of approximately \$15,000,000 from the County and the Authority.

(c) In connection with the renovation of the Stadium and consistent with Exhibit A attached hereto, SWB Yankees would be responsible for providing (whether by purchase of new items or reinstallation of existing items) all furniture, fixtures and equipment for the Stadium concessions areas, the Team's administrative offices, training rooms, exercise rooms and Team store, including without limitation furniture, telecommunications equipment (but not infrastructure or wiring), data processing equipment, field maintenance equipment, and retail display systems. To the extent the renovation project includes build out of a restaurant in the Stadium, SWB Yankees would be responsible for providing all furniture, fixtures and equipment for such restaurant. All furniture, fixtures and equipment currently in the Stadium, that is owned by the Authority or the County, will be made available for use by SWB Yankees, at no charge, in the renovated Stadium.

(d) To the extent the cost of the design and renovation of the Stadium is less than the Project Budget, the Authority would contribute any remaining portion of the Project Budget into a sinking fund for future capital improvements, repairs and expenses for the Stadium (the "**Stadium Fund**").

(e) The Authority would maintain exclusive control and development rights over the real property where the Stadium is located; provided that the lease will confirm that such control will not infringe on the rights of SWB Yankees thereunder, any Player Development Contract entered into by the Franchise or the Franchise. Neither the Stadium nor such real property would be included in the sale of the Franchise.

3. Lease Terms.

(a) Term. The SWB Yankees lease term would begin on the effective date of the to-be-negotiated definitive lease agreement and would continue uninterrupted for 30 full baseball seasons thereafter. SWB Yankees would have two options each covering 10 full baseball seasons, such that the total lease term would be 50 full baseball seasons if such options are exercised. SWB Yankees would be required to continue playing home games at the Stadium prior to completion of the renovations described above, unless other arrangements are agreed to by the Authority and SWB Yankees and approved by MiLB. Provided, it is the intention of the parties, to be further detailed in the definitive Stadium lease, that the SWB Yankees would not be required to continue playing home games at the Stadium prior to completion of the renovations describe above if the Stadium is not habitable, playable (e.g. use of the playing surface is impaired) or the amenities currently available to fans (e.g. restrooms, seating areas and concession stands) cease to be available.

(b) Stadium Use. SWB Yankees would have the exclusive right to use, manage, operate and permit designated third parties to use the Stadium during the term of the lease, including without limitation the right to exhibit, promote, schedule and play SWB Yankees home games in the stadium and to authorize, promote and/or stage special events, such as baseball all-star and other professional baseball games, including exhibitions involving both minor league and major league baseball teams in the Stadium, as well as other sporting events, concerts, exhibitions, specialty shows and college and high school baseball games and tournaments. In addition, the Authority and SWB Yankees would work together to identify and schedule non-baseball events at the Stadium that would optimize the use of the Stadium and fulfill the

requirement that the Stadium be a multi-purpose facility. The parties will work together to establish related procedures for the foregoing, which will be set forth in the definitive written agreements. Any event sponsored or produced by the Authority or a designated third party, will be at the Authority's or such third parties' sole expense (inclusive of protection and repair, in a timely manner, of the playing surface) and subject to SWB Yankees' prior written approval, which approval will not be unreasonably withheld, conditioned or delayed.

(c) Rent

(i) Pre-Renovation - Prior to completion of the renovation, if the Franchise continues to play its home games at the Stadium (i.e. the Stadium remains fully operational), then SWB Yankees would pay rent in an amount consistent with the profit sharing terms set forth in the existing Management Agreement (including but not limited to the guaranteed minimum payment of \$125,000). If the renovation process requires that the Franchise play any material portion of its home games at a location other than the Stadium, then SWB Yankees will not be obligated to make any profit sharing payments for that portion of the impacted baseball season.

(ii) Post-Renovation - Following completion of the renovation, SWB Yankees would pay Rent in the amount of \$750,000 per year. The Rent would be paid in twelve (12) equal monthly installments during each lease year (subject to proration for any partial year); provided, however, that the Authority and SWB Yankees would work together to determine an appropriate payment schedule for the first such year in order to ensure that the Authority will have sufficient rent revenue to service any bond payments associated with financing of the Authority's or the County's portion of the Project Budget.

(iii) Option Terms - Rent for the two option terms would be based on fair market value as determined by the parties at the time of exercise of each such option term. The parties will work together to establish a mutually agreed upon process for determining fair market value.

(d) Additional Rent Payment. In addition to the Rent described in part (c) above, SWB Yankees would pay to the Authority the sum of \$4.00 for each paid fan entering the Stadium or any other venue for a Franchise home game (no matter where played) in a season (excluding fans entering via complimentary tickets) in excess of 320,000 ("**Additional Rent**"). One-half of said Additional Rent will be set aside by the Authority and contributed to the Stadium Fund. The parties will work together to develop a mechanism allowing verification of paid, in-park attendance and Additional Rent.

(e) Ticket Sales. SWB Yankees would retain all ticket revenues generated from events held by SWB Yankees. The Authority would retain all ticket revenues generated from events held by the Authority, subject to the payment of applicable costs, repairs and expenses for such events.

(f) Club Seats, Seat Licenses, Club Memberships. SWB Yankees would retain all revenues generated from the sale of "club seats"/"box seats" and seat licenses to home games and private club memberships. SWB Yankees would be responsible for marketing these seats.

(g) Suites. The County would retain the right to use/lease/license/rent one (1) suite at a mutually agreed upon location between the bases of the playing field, which may be used by the County in its sole discretion on a complimentary basis for any events at the Stadium. SWB Yankees would have the right to use/lease/license/rent all remaining suites and to retain the revenue therefrom. SWB Yankees would be responsible for marketing these suites.

(h) Parking. SWB Yankees would retain all parking revenues.

(i) Concessions. SWB Yankees would have the exclusive right to provide for the sale (or contract with a third party to provide for the sale) of food, beverages (alcoholic and non-alcoholic) concessions, and merchandise on the leased premises. SWB Yankees (or its third party concessionaire) would also provide catering and operate for its benefit all restaurants on or in the leased premises and would retain all revenue generated from the sale of food, beverages (alcoholic and non-alcoholic), merchandise, concessions and catering in the leased premises at all events held at the Stadium, as well as from any restaurant located at the Stadium. Notwithstanding the foregoing, SWB Yankees and the Authority, together with the third party concessionaire at the Stadium if applicable, will negotiate, in good faith, the allocation of profits generated from the operation of concessions during any event sponsored or produced by the Authority or one of its designated third parties.

(j) Pouring/Branding Rights: SWB Yankees would have the exclusive right to sell concessions pouring and branding rights and to retain all revenue generated therefrom.

(k) Radio/Television Broadcasting: SWB Yankees would have the exclusive right to sell broadcasting rights in any and all media and through any and all distribution channels, including but not limited to IP, Internet and "TV Everywhere", for home games played and other events occurring in the Stadium and to retain all revenue therefrom. Provided, the parties will negotiate, in good faith, the allocation of such rights during any event sponsored or produced by the Authority or one of its designated third parties.

(l) Naming Rights. SWB Yankees would be entitled to license the naming rights to the Stadium and all parts thereof and retain all revenue therefrom; provided that such naming rights arrangement would be subject to reasonable community standards.

(m) Advertising/Sponsorships. SWB Yankees would have the exclusive right to sell advertisements and sponsorships at, in, on and around the Stadium (e.g. parking lots, exterior of Stadium, concourse in the Stadium, seating bowl) (i.e. the leased premises) and to retain all revenue generated therefrom. Notwithstanding the foregoing, but subject to any and all contractual exclusivities binding the Franchise, the Authority would have the right, at its sole cost and expense, to sell and display electronic advertisements on the Stadium scoreboard during events held by the Authority and to retain all revenue generated therefrom. All advertisements and sponsorships at the Stadium shall be subject to reasonable community standards. For

avoidance of doubt, SWB Yankees' sponsorship rights will in no way limit potential development that may occur around the Stadium.

(n) Other Revenue. SWB Yankees and the Authority would cooperate with one another in exploring additional revenue opportunities from other sources related to, in connection with or arising from occupancy or uses at, in, on and around the Stadium or sales or license of any and all other rights with respect thereto. SWB Yankees and the Authority would negotiate allocation of any such additional revenue opportunities on a case-by-case basis.

(o) Game Day Expenses; Authority Event Expenses. SWB Yankees would be responsible for all game day expenses in accordance with the current operations of the Stadium, including without limitation security, ticket takers, ushers, grounds crew, housekeeping, and post-game cleanup. The Authority, and any designated third party, will be responsible for any all operating and personnel expenses related to events held by the Authority, or a designated third party, at the Stadium, including without limitation, scoreboard operators, security, ushers, ticket takers, utilities and materials.

(p) Maintenance/Repairs/Capital Improvements. The Authority and SWB Yankees would be responsible for the routine and ordinary maintenance and repairs to address normal wear and tear at the Stadium and capital improvements at the Stadium pursuant to the matrix attached hereto as Exhibit A, which will be finalized in connection with the execution of the Stadium Lease. Subject to and without limiting the foregoing, (i) SWB Yankees would be responsible for maintaining the playing field surface and all non-structural and non-systematic (e.g. HVAC, electrical, plumbing) capital costs and maintenance in the Franchise's administrative offices, home team locker room, training rooms, exercise rooms, merchandise store and stadium restaurant, if applicable and (ii) the Authority would be responsible for any maintenance and repair occasioned as the result of an event held by the Authority, or a designated third party, at the Stadium.

(q) Multi-Purpose. By Deed, the Stadium is required to be a multi-purpose facility. The Authority and SWB Yankees would work together in a cooperative manner to continue to allow events other than baseball games to be held at the Stadium.

(r) Yankees Affiliation. The affiliation of the New York Yankees Baseball Club will be conveyed pursuant to the PDC process established between MLB and MiLB. If at any time during the term of the lease, the New York Yankees cease to be the MLB affiliate of the Franchise, then the Authority's repurchase right, as described below, will become effective, including the obligation to provide financing for such an accelerated repurchase.

(s) Assignment and Consent. The lease terms described herein are solely for the benefit of SWB Yankees and would not be assignable without consent from the Authority, which consent will not be unreasonably withheld, conditioned or delayed so long as the New York Yankees continue to be the MLB affiliate of the Franchise at the time of such assignment.

4. Relocation; Repurchase Rights.

(a) During the term of the Lease (including any extensions), SWB Yankees would not be entitled to relocate the Franchise to play its home games anywhere other than in the

Stadium (except that the Franchise would be entitled to play a maximum of two (2) home games per year at Yankee Stadium in New York, New York) and except for force majeure issues and issues related to MLB or MiLB rules and regulations.

(b) If at any time, whether during or following the term of the Lease (including any extensions), SWB Yankees desires to (i) sell and relocate or (ii) relocate the Franchise outside the County, or if at any time during the term of the Lease (including any extensions) the New York Yankees cease to be the MLB affiliate of the Franchise, then in any such case the Authority would have the right to repurchase the Franchise for fair market value. SWB Yankees would be required to give the Authority one-year prior written notice of any attempt to sell and relocate or relocate the Franchise outside of the County. In such event, a panel of three (3) appraisers would determine the fair market value of the Franchise. The Authority and SWB Yankees would each appoint one (1) such appraiser, and such appraisers would appoint a third appraiser. The fair market value of the Franchise would be the average of the appraisals provided by such three (3) appraisers. The Authority or its assignee would have 180 days following the determination of the fair market value of the Franchise to exercise its repurchase right. Specifics regarding the timing and other specifics of the appraisal process will be subject to the negotiation of the parties and reflected in the definitive agreements.

(c) If the Authority or its assignee so elects to repurchase the Franchise, SWB Yankees would provide financing for a term of no more than three years. The amount of such financing would be limited to the maximum portion of the purchase price allowable under MiLB rules (currently 45%) at a rate of Prime + 2%. The Authority or its assignee would pay quarterly payments of interest only for three (3) years, and the principal amount would be due and payable on or before the three (3) year anniversary of the closing.

(d) In addition, the Authority would have the right to assign the Franchise repurchase rights described herein to any third party approved by the League, MiLB and/or MLB.

5. Definitive Documents. The purchase and sale agreement and the Stadium lease, both of which must be agreed upon by the requisite parties, will be drafted initially by counsel to the Authority. In addition to the general terms set forth herein, the purchase and sale agreements and Stadium lease will contain such other provisions, representations, warranties, covenants and indemnities as are customarily included in similar documents related to the sale of MiLB franchises and the development, construction and operation of MiLB stadiums.

6. Dispute Resolution. In the event of a dispute under the purchase and sale agreement or the Stadium lease, the parties would first attempt in good faith amicably to settle the matter by mutual negotiations. If such negotiations are unsuccessful, the parties would submit the dispute for non-binding arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association. If such non-binding arbitration is unsuccessful, the dispute would be resolved by the courts of the Middle District of Pennsylvania or the Lackawanna County Court of Common Pleas.

7. Cooperation; Timing. The parties would work together in an effort to have the renovated stadium available for the Franchise's home games as soon as reasonably practicable considering the relevant variables associated with the project.

8. Approval. The terms of this MOU, the purchase and sale agreement, the Stadium lease and any other related documents would be subject to the approval (or waiver of such approval) of the Authority, SWB Yankees, the League, MiLB and MLB. The Stadium lease would be subject to the then current rules and regulations of the League, MiLB and MLB. The agreed upon form of the lease would be an exhibit to the definitive purchase agreement for the Franchise and would be executed by both parties as soon as practicable following the execution of this MOU, but in no event sooner than the date on which the design for the renovation of the Stadium and the Project Budget have been agreed upon by the parties.

9. Governing Law. This MOU shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard for principles of conflicts of law.

(Continued on the following page)

IN WITNESS WHEREOF, the parties have executed this Memorandum of Understanding as of this 9 day of November, 2010.

MULTI-PURPOSE STADIUM AUTHORITY OF
LACKAWANNA COUNTY

By: 
Chairman

SWB YANKEES LLC

By: 

Its: VICE PRESIDENT & SECRETARY

EXHIBIT A

**ASSIGNMENT OF RESPONSIBILITIES FOR THE
REPLACEMENT/REPAIR/MAINTENANCE OF SPECIFIC ITEMS**

ITEM	LANDLORD	TENANT
Structure		
Stadium Structure	RM	
Brick Wall	RM	
Roofs	RM	
Water Sealing	RM	
Concrete Slabs	RM	
Windows		RM
Black Top	RM	
Stadium		
Cabinetry and Millwork		RM
Aluminum Bleachers	R	M
Seats	R	M
Cup-holders		RM
Field Lights and Fixtures ("R" includes replacement required as a result of failure to meet Facility Standards)	R	M
Concessions Furniture & Equipment		RM
Tents/Canopies	RM	
Playground Equipment		RM
Batting Tunnel		RM
Bathroom Fixtures	R	M
Fire Suppression System		
Fire Extinguishers		RM
Sprinkler System (except as necessitated by concession facilities or concession equipment)	RM	
Sprinkler System and any other Fire Suppression System necessitated by concession facilities or concession equipment		RM

Key:

- M = Maintenance and Repair Responsibility
- R = Capital Replacement Responsibility
- X = Designated Party's Responsibility

ITEM	LANDLORD	TENANT
Stadium Systems		
Plumbing System ("R" includes Annual Water Line Check and Winterization)	R	M
Electrical System	R	M
Heating, Ventilation and Air-Conditioning (HV AC) System and Equipment	R	M
Irrigation System	R	M
Burglar Protection System		RM
Stadium Door Keying System	RM	
Generator	RM	
Emergency Lighting	R	M
Transformer	RM	
Elevators	RM	
Cleaning and Maintenance of Stadiums		
General Cleaning after Baseball Games		X
General Cleaning after City Events		X
Apply Handicapped and Regular Parking Markings at Stadium		X
Pest Control and Extermination		X
Trash Removal		X
Interior Painting		X
Exterior Painting		X
Playing Field		
Field Preparation for Games		X
Grass Cutting		X
Sod Repair and Replacement		X
Field Settling	X	
Field Drainage System	X	
Foul Ball Screen		X
Outfield Fence		X
Back Stop		X
Dugouts		X
Bullpens		X

ITEM	LANDLORD	TENANT
Clubhouses and Umpires Room Lockers Trainer's Equipment Laundry Equipment Baseball Equipment Carpet		 X X X X X
Offices Office Furniture Office Equipment Telephone Equipment Carpet		 X X X X
Press Box Furniture Equipment Electrical Components for Broadcasting Telephone Equipment		 X X X X
Communications Speaker System Scoreboards Electronic Message Center Pitch Speed Indicator	 X X X X	
Parking Lots & Sidewalks Landscaping Curbing Debris Removal Sweeping (every 2 weeks) Resurfacing Patching Lighting Fixtures Snow Removal + Parking Lot Snow Removal + Sidewalks Sidewalks	 X X X X RM	 X X X X X
Skybox Level Furniture/Equipment Sound System Cabinetry/Millwork Window Repair Telephone Lines/Cable TV		 X X X X X

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