

Mandalay Baseball
4751 Wilshire Boulevard, 3rd Floor
Los Angeles, CA 90010

September 20, 2006

Hon. Robert C. Cordaro, Chairman
Lackawanna County Board of Commissioners
Lackawanna County Administration Building – 6th Floor
200 Adams Avenue
Scranton, PA 18503

Dear Commissioner Cordaro:

On behalf of Mandalay Baseball Properties, LLC (“MBP”), it is my pleasure to present this proposal to you in your capacity as Chairman of the Lackawanna County Board of Commissioners (“LCBC”) to enter into an agreement (the “Agreement”) that will vest in MBP exclusive responsibility for the overall management and control of the day-to-day operations of the International League Scranton/Wilkes-Barre Red Barons and Lackawanna County Stadium.

Be assured that during the term of the Agreement, MBP shall operate, manage and maintain the Lackawanna County/LCSA International League franchise and Lackawanna County Stadium in a diligent, careful and vigilant manner and at all times with integrity and good faith and in a manner consistent with the best interests of the LCBC and LCSA.

The following terms and conditions are proposed by MBP for your consideration.

1. Term of the Agreement

- Four years beginning on the date on which all of the Approvals (as defined below) have been received, with two, four-year renewal terms to be exercised at the option of MBP no later than June 30, 2010 and June 30, 2014 (the “Term”).

2. Team/Stadium Management

- MBP shall assume total responsibility for and provide services that will include, but not be limited to: team employee hiring and supervision; season ticket sales; group ticket sales; sponsorship sales; private suite and premium seating sales; marketing; promotions; advertising; public relations; media relations; community relations; financial reporting; concessions; merchandise; and all business operations related to the team not under the control of its major league affiliate.

- MBP shall assume total and sole responsibility for all customary normal operating expenses and provide services, to be paid out of operating revenues, that will include, but not be limited to: stadium employee hiring and supervision; exterior/interior maintenance and repairs; inventory of supplies and equipment; security and security personnel; grounds keeping and field maintenance; customer service personnel including ticket sellers, ticket takers and ushers; monitoring the activities and performance of the concessionaire and ticketing company; parking; and the scheduling of any non-team events.

3. Major League Affiliation/PDC

- To be mutually agreed upon and acceptable to LCBC/LCSA and MBP and the execution of a definitive agreement will be conditioned upon such mutual agreement and acceptance.
- The term of the PDC shall be 2 years and upon execution of the Agreement, the PDC shall automatically be extended for a period of 2 additional years.

4. Financial Considerations

- LCBC/LCSA is guaranteed the greater of \$125,000 OR 33.33% of collected Net Income before income taxes each year during the term of the Agreement, subject to the creation of mutually agreed upon cash reserves (the “**Guaranteed Amount**”).
- MBP shall be responsible for all normal and reasonable “wear and tear” in terms of exterior and interior maintenance and repairs with respect to Lackawanna County Stadium during the term of the Agreement.
- LCBC/LCSA, as owner of Lackawanna County Stadium, in the event of any extraordinary/catastrophic damages or damages resulting from pre-existing conditions to the facility shall be solely responsible for all necessary repairs.

5. Tax Indemnification

- In the event MBP exercises its option to purchase the team, LCBC/LCSA shall not levy any new taxes on the team and will work with MBP to insure that MBP and the team will not be responsible for any real estate or property taxes.

6. Real Estate Development Opportunities

- The LCBC/LCSA shall grant MBP development and re-development rights with respect to the LCBC/LCSA-owned and/or controlled land on which the existing Lackawanna County Stadium is located.

7. Artificial Turf Replacement

- LCBC/LCSA, at its sole expense, agrees to replace Lackawanna County Stadium's existing artificial playing surface with an industry- and International League-standard, natural grass playing field in time for the beginning of the 2007 International League season.

8. Existing LCBC/LCSA Team and Stadium Staff

- Upon commencement of the initial four-year term of the Agreement, MBP will maintain in its employ the LCBC/LCSA team and stadium staff as of September 30, 2006, subject to evaluations in good faith as it may determine in its reasonable discretion.

9. Purchase Option and Repayment of Indebtedness

- MBP will have the right to purchase the team at any time during the Term for the sum of \$16.4MM, subject to adjustment as provided below, and to be paid as follows (the "MBP Payment"): (i) the first \$10.0MM of the MBP Payment will be used to retire the outstanding indebtedness, as reflected on the books of the LCBC/LCSA owned team, owing from LCSA to LCBC; and (ii) the balance of the MBP will be applied as determined by LCBC/LCSA in its discretion. Contemporaneously with MBP's exercise of its rights to purchase the team, MBP and LCBC/LCSA will negotiate in good faith and enter into a long-term stadium lease, with a minimum term of twenty years. In addition, MBP will grant LCBC/LCSA a right-of-first-refusal to repurchase the team at fair market value, as determined by a mutually agreed upon third party appraiser, which right-of-first refusal will only be exercisable if, prior to the expiration of such long-term stadium lease or any renewal thereof, MBP informs LCBC/LCSA of its intention to relocate the team following such expiration.

10. Adjustments to the MBP Payment

- The MBP Payment will be increased by the Guaranteed Amount; payment of the Guaranteed Amount in accordance with section 4 above will satisfy MBP's obligation with respect to the increase in the MBP Payment.
- In addition to the increase described above, the MBP Payment may be reduced as follows: (a) if MBP exercises the above described purchase option during the initial four-year term of the Agreement, then the MBP payment will be \$13.0MM (exclusive of any Guaranteed Amount); and (b) if MBP exercises the above described purchase option during the first four-year renewal term of the Agreement, then the MBP Payment will be \$14.6MM (exclusive of any Guaranteed Amount); provided, however, if MBP exercises its purchase option during the initial four-year term, then during any year of the initial four-year term following such exercise, LCBC/LCSA will be

entitled to receive payment of the minimum of the Guaranteed Amount in accordance with Section 4 above.

Please note that this proposal is subject to the negotiation and execution by the parties of the Agreement, within twelve months of the date hereof, as well as approval by Major League Baseball, National Association/Minor League Baseball, International League and the board of directors of MBP (the "Approvals"). In consideration of the resources to be expended by MBP in connection with the pursuit of the transactions contemplated by this proposal, LCBC/LCSA covenants and agrees not to, directly or indirectly, initiate, solicit, encourage, discuss, negotiate, or accept offers regarding the transactions contemplated by this proposal, whether for purchase or management of the team or both, with another individual, entity or organization other than MBP.

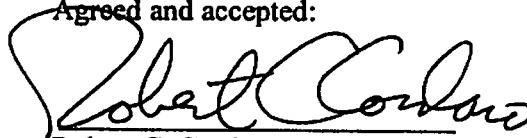
We welcome this opportunity to work with you, the Lackawanna County Board of Commissioners and the Lackawanna County Stadium Authority in developing a long-term, mutually beneficial partnership.

Sincerely,

Agreed and accepted:



Henry E. Stickney
Principal/CEO



Robert C. Cordaro, LCBC Chair