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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

In re	:	**Chapter 11**
TEXAS RANGERS BASEBALL PARTNERS,	:	**Case No. 10-43400 (DML)-11**
Debtor.	:	

DEBTOR'S MOTION PURSUANT TO SECTIONS 105(a), 363(b), AND 507(a) OF THE BANKRUPTCY CODE FOR INTERIM AND FINAL ORDERS FOR AUTHORIZATION (I) TO PAY CERTAIN EMPLOYEE COMPENSATION AND BENEFITS AND (II) TO MAINTAIN AND CONTINUE SUCH BENEFITS AND OTHER EMPLOYEE-RELATED PROGRAMS

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Texas Rangers Baseball Partners ("TRBP" or the "Debtor"), hereby files this motion (the "Motion") seeking entry of an interim order (the "Interim Order") for authority (i) to pay wages, salaries, and certain other compensation and benefits to employees and other personnel and (ii) to maintain and continue certain benefits and other employee-related programs

pending the entry of a final order granting the relief sought herein (the "Final Order"), and scheduling a final hearing (the "Final Hearing") to consider the relief requested herein on a final basis. In support of the Motion, the Debtor submits the Declaration of Kellie Fischer in Support of the Debtor's Chapter 11 Petitions and Requests for First Day Relief (the "Fischer Declaration"), filed contemporaneously herewith, and respectfully represents as follows:

Preliminary Statement

1. The Texas Rangers' business is to play baseball. Without their employees – the professional baseball players and the hundreds of other employees who support them during the season – the Debtor would have no business and little value. Being able to field a baseball team, play world-class baseball, fill a stadium, sell concessions, and sell merchandise is key to the Debtor's ability to generate revenue and maintain value. It is absolutely critical to the Debtor that the players not be distracted by concerns about being paid during the chapter 11 case. It is also critical that the trainers, coaches, and myriad of others supporting the players continue to ensure the Texas Rangers have major league quality support to be able to compete with the other teams and that the Texas Rangers are able to host home games (take tickets, sell concessions, etc.). Moreover, any perception that the bankruptcy process is affecting the Texas Rangers' ability to compete on the field – which nonpayment of employees would surely cause – may cause fans to turn away from the team, irreparably harming the team's value. Because any disruption in pay or benefits to employees could have disastrous consequences, causing immediate and irreparable harm and a loss of value to all stakeholders, the Debtor is seeking authority to continue to pay employees and maintain their benefits in the ordinary course of business. As further described below, the fact that all creditors are expected to be paid in full in this chapter 11 case further supports the sensible relief sought herein.

Background

2. On the date hereof (the "Commencement Date"), the Debtor commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Bankruptcy Code (the "Bankruptcy Code"). The Debtor is authorized to continue to operate its business and manage its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

The Debtor's Business

TRBP Partnership Structure

3. Texas Rangers Baseball Partners ("TRBP" or the "Debtor") owns and operates the Texas Rangers Major League Baseball Club, a professional baseball club (the "Texas Rangers") in the Dallas/Fort Worth Metroplex, pursuant to the Major League Constitution (the "Major League Constitution") and the Membership Agreement, dated as of November 18, 1960, by and between The American League of Professional Baseball Clubs, as assumed by the Office of the Commissioner of Baseball (the "BOC"), and WBC Baseball Club, Inc., as assumed by TRBP pursuant to an Assumption Agreement, dated as of June 16, 1998.

4. TRBP is a Texas general partnership, in which Rangers Equity Holdings, L.P. ("Rangers Equity LP"), a Delaware limited partnership, holds a 99% partnership interest and Rangers Equity Holdings GP, LLC ("Rangers Equity GP"), a Texas limited liability company, holds a 1% partnership interest. Rangers Equity GP is a wholly-owned subsidiary of Rangers Equity LP. Both Rangers Equity LP and Rangers Equity GP are holding companies with no operating assets and are indirect, wholly-owned subsidiaries of HSG Sports Group LLC ("HSG"). HSG is a sports and entertainment holding company, which is an affiliate of, and indirectly controlled by, Thomas O. Hicks ("Mr. Hicks"). The Texas Rangers have had five owners since the team moved to Arlington in 1972. Mr. Hicks became the fifth owner in the

history of the Texas Rangers on June 16, 1998, when HSG completed the acquisition of the franchise from the George W. Bush/Edward W. Rose partnership.

Major League Baseball

5. With a history and tradition dating back to 1869, professional baseball is one of America's oldest organized league sports. From April through the end of September every year, Major League Baseball ("MLB") runs a 162-game regular season. MLB's clubs are divided into two leagues (American and National) and six divisions (AL East, AL Central, AL West, NL East, NL Central and NL West).

6. The BOC, doing business as Major League Baseball, is an unincorporated association of its 30 member clubs. It is headquartered in New York City and is governed by the Major League Constitution. The primary purpose of the BOC is to undertake centralized activities on behalf of the 30 clubs. Among other things, the BOC hires and maintains the sport's umpiring crews, and negotiates marketing, labor, and television contracts.

The Texas Rangers

7. The Texas Rangers are located in the fourth largest metropolitan area and the largest metropolitan market with a single MLB franchise. The Texas Rangers are one of only 30 MLB franchises and one of two MLB clubs in the state of Texas and its bordering states. The Texas Rangers have a rich and colorful history and have established themselves as a young, up-and-coming contender supported by a strong fan base. The team's executives have successfully combined players from their farm system with key veterans to produce a team that today is in first place in the American League's West Division. Founded in 1961 as the second incarnation of the Washington Senators, the franchise moved to Texas in 1972 and currently competes in the American League West together with the Los Angeles Angels of Anaheim, the Oakland Athletics, and the Seattle Mariners.

8. The Texas Rangers' home field, the Rangers Ballpark in Arlington (the "Ballpark"), is located in Arlington, Texas and is an open-air, natural grass ballpark that was designed and built with tradition and intimacy in mind. The proximity of the fans to the action is one of the closest in MLB. The overall seating of the Ballpark is 49,170 seats on five levels, making it MLB's sixth largest ballpark.

Prepetition Indebtedness

9. Pursuant to that certain First Lien Credit Agreement and that certain Second Lien Credit Agreement (together, the "HSG Credit Agreement"), HSG and certain affiliates of HSG are indebted to the Lenders (as defined below) in the amount of $525 million. The HSG Credit Agreement is guaranteed by certain of HSG's subsidiaries, although the guaranties of the Texas Rangers and the security interests securing them are limited to $75 million (the "TRBP Guaranty Cap"). The First Lien Credit Agreement is secured by a first lien on substantially all of the assets of HSG and its affiliates including a pledge of the equity interests those entities have in their subsidiaries, including TRBP, and the Second Lien Credit Agreement is secured by a second lien on substantially all of the assets of HSG, its affiliates, including a pledge of the equity interests those entities have in their subsidiaries, including TRBP.

10. TRBP is also party to that certain Amended and Restated Secured Revolving Promissory Note, dated November 25, 2009, by TRBP in favor of Baseball Finance LLC, an affiliate of the BOC (the "Baseball Finance Note"). Pursuant to the Baseball Finance Note, Baseball Finance agreed to make available to TRBP a secured revolving loan facility in an aggregate principal amount not to exceed $25 million. The loans under the Baseball Finance Note are secured by liens on substantially all of the assets of TRBP that are junior in priority to the liens granted pursuant to the HSG Credit Agreement that are subject to the TRBP Guaranty

Cap. As of the Commencement Date, approximately $18.45 million in principal is outstanding under the Baseball Finance Note, plus accrued interest.

Events Leading to TRBP's Chapter 11 Filing

11. Since 2005, TRBP has experienced, and continues to experience, cash flow deficiencies. For the entire period that Mr. Hicks has owned the Texas Rangers, he has provided financial support to the team through capital contributions and loans to HSG in excess of $100 million.

12. Beginning in August 2008, HSG retained advisors to provide financial advice and assistance in connection with a capital raise, potential restructuring, or sale. While HSG and TRBP explored their options, TRBP continued to suffer operating losses. As a result of such losses, HSG was unable to service its $525 million long-term debt obligations under the HSG Credit Agreement. On March 31, 2009, HSG failed to make a scheduled interest payment under the HSG Credit Agreement, and on April 7, 2009, the lenders to the HSG Credit Agreement (the "Lenders") accelerated the entire amount of indebtedness thereunder. As a result of the acceleration, the Lenders under the HSG Credit Agreement have claims against TRBP on account of TRBP's secured guaranty of $75 million of such indebtedness, as discussed above.

Sale Process

13. During the second half of 2008 and throughout 2009, HSG and TRBP, in conjunction with their advisors, pursued a variety of options for a capital raise or a sale of the Texas Rangers. Ultimately, they concluded that a sale of the Texas Rangers was the only viable option. A lengthy and active marketing process culminated with an agreement among HSG, TRBP and Rangers Baseball Express LLC (the "Purchaser"), whose principals include the current President of the Texas Rangers, Nolan Ryan, and Chuck Greenberg, a sports lawyer and

minor league club owner, dated as of January 23, 2010 (the "January APA"), governing the sale of the Texas Rangers franchise and certain related assets.

14. Pursuant to the terms of the January APA, consummation of the sale required, among other closing conditions, the consent of the Lenders pursuant to the terms of the HSG Credit Agreement. Despite HSG's, TRBP's, and the Purchaser's lengthy good faith negotiations with the Lenders following the execution of the January APA, the Lenders refused to consent to the transactions contemplated by the January APA and thus prevented TRBP from moving forward with the sale of the Texas Rangers. Ultimately, TRBP, in consultation with MLB, concluded that a chapter 11 filing designed to facilitate a sale of TRBP's assets to the Purchaser (the "Sale") pursuant to a prepackaged plan of reorganization ("the Prepackaged Plan") was the most efficient manner in which to consummate the Sale and was, therefore, in the best interests of the Texas Rangers franchise, its fans, MLB and all other parties involved, including TRBP's creditors. As described herein, the Prepackaged Plan will facilitate the sale of the Texas Rangers franchise to the Purchaser and the payment of all of TRBP's creditors in full, allowing the Texas Rangers franchise to compete successfully on and off the field with assurance of long-term financial stability.

Asset Purchase Agreement

15. On May 23, 2010, after further negotiation, in anticipation of the implementation and consummation of the Sale through a chapter 11 plan of reorganization, the parties to the January APA terminated the January APA and entered into that certain Asset

Purchase Agreement (the "Asset Purchase Agreement") for the sale of the Texas Rangers franchise and certain related assets.[1]

16. Under the Asset Purchase Agreement, substantially all of the Debtor's assets, including the Texas Rangers franchise and substantially all contractual rights related the operation of the Texas Rangers will be sold to the Purchaser. The aggregate consideration paid and obligations assumed by the Purchaser at the Closing will equal more than $500 million. Pursuant to the Sale, the Purchaser will also assume virtually all of the obligations of the Texas Rangers, including deferred compensation obligations, sponsorship, ticketholder, employee and specified tax obligations, with the exception of certain excluded liabilities that will be paid under the Prepackaged Plan. Under the Asset Purchase Agreement and the Prepackaged Plan, TRBP also intends to assume and assign to the Purchaser all contracts relating to the Texas Rangers franchise, including all marketing, media, advertising, and merchandising contracts, all minor league and major league player contracts and certain real property Leases. The Sale anticipates a complete and orderly transition of the operations of the team — all tickets to games and other events will be fully honored, and all employees will keep their jobs. Although accomplished through a chapter 11 plan, the Sale will resemble in all significant respects the sale of any other sports franchise.

17. The Sale will allow TRBP's creditors that are Lenders under the HSG Credit Agreement to recover 100 percent of their guaranty claims against TRBP. As described more fully below, subject to Court approval, the Sale is expected to be completed by mid-

[1] A more thorough description of the Asset Purchase Agreement and the Prepackaged Plan are contained in the Declaration of Kellie L. Fischer in Support of Debtor's Chapter 11 Petition and Request for First Day Relief, filed contemporaneously herewith and incorporated herein by reference.

summer, allowing the franchise to exit the chapter 11 process expeditiously in order to reduce any potential adverse impact to the Texas Rangers and its operations.

MLB Approval

18. The Debtor, as a member of Major League Baseball, is subject to the rules and regulations of MLB. In particular, any sale of the Texas Rangers franchise cannot be consummated without first obtaining the requisite approval from the BOC and 75% of the MLB clubs. The sale of any MLB club must comply with the process set forth in the Major League Constitution and the MLB ownership guidelines. Accordingly, TRBP has worked very closely with MLB throughout the negotiation of the Asset Purchase Agreement and all related events leading to the filing of the chapter 11 case. As of the date hereof, the Debtor is not aware of any opposition by MLB or the requisite percentage of MLB clubs required to consent to the Sale.

The Prepackaged Plan

19. As stated above, concurrently herewith, the Debtor has filed its Prepackaged Plan. The primary purpose of the Prepackaged Plan is to bridge the impasse between TRBP and the Lenders under the HSG Credit Agreement and to effectuate the Sale of the Texas Rangers franchise to the Purchaser and satisfy TRBP's creditors in full.

20. The Prepackaged Plan provides for the Sale to be consummated on the effective date (the "Effective Date") and sets forth the distribution that each class of the Debtor's creditors and equity holders is to receive on the Effective Date under the Prepackaged Plan. All TRBP's creditors will be paid in full under the Prepackaged Plan or have their claims assumed by the Purchaser under the Asset Purchase Agreement. Specifically, each holder of an (i) Allowed Priority Non-Tax Claim, (ii) Allowed First Lien Holder Claim, (iii) Allowed Second Lien Holder Claim, (iv) Allowed MLB Prepetition Claim, (v) Allowed Secured Tax Claim, (vi) Allowed Other Secured Claim, (vii) Allowed Assumed General Unsecured Claim,

(viii) Allowed Non-Assumed General Unsecured Claim, (ix) Allowed Emerald Diamond Claim, (x) Allowed Overdraft Protection Agreement Claim, (xi) Allowed Intercompany Claim, and (xii) Allowed TRBP Equity Interest (all as defined in the Prepackaged Plan) is unimpaired and will be paid in full.

21. Additionally, TRBP believes that the Purchaser will build on past team successes and that the future of the Texas Rangers will be in the hands of an ownership group that will be a good steward for the game.

22. TRBP believes that because the Prepackaged Plan satisfies in full all claims against TRBP, is supported by TRBP's equity holders, and will lead to the least disruption to the Texas Rangers' business of playing baseball, the Prepackaged Plan is in the best interests of the Texas Rangers franchise and all parties in interest.

Jurisdiction

23. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Relief Requested

24. By this Motion, the Debtor requests, pursuant to sections 105(a), 363(b), and 507(a) of the Bankruptcy Code, authorization (i) to pay wages, salaries, and certain other compensation (collectively, the "Compensation Obligations") and certain employee benefits, which include, among other things, PTO Plans, Health and Welfare Programs, the 401(k) Plan, Severance Programs, Discount Programs, Player Health and Welfare Plans and the Player 401(k) Plan (each as defined below and collectively, the "Employee Benefits" and together with the

Compensation Obligations, the "Employee Obligations") and (ii) to continue to honor certain Employee Benefits.[2]

The Debtor's Prepetition Employee Obligations

25. In the ordinary course of its business, the Debtor incurs payroll and various other obligations and provides other benefits to its employees for the performance of services. As of the Commencement Date, the Debtor employs approximately 320 regular, full-time individuals whose services are required by the Debtor year-round, including administrative, sales, customer service, marketing, maintenance and security personnel, as well as broadcasters, coaches, scouts, and player development and other baseball operations personnel (collectively, the "Full-Time Employees"). In addition to the Full-Time Employees, the Debtor also employs (i) approximately 45 part-time individuals (collectively, the "Part-Time Employees"); (ii) approximately 1,275 individuals who provide services to the Debtor only during the MLB's active season, including, among others, statisticians, event staff, broadcast crews, and technical staff (collectively, the "Seasonal Employees"); (iii) 265 Rangers players (the "Players"), and (iv) approximately 24 part-time interns (the "Interns" and, together with the Full-Time Employees, the Part-Time Employees and the Seasonal Employees, the "Non-Player Employees" and, the Non-Player Employees together with the Players, the "Employees").

26. Out of the 265 Players, there are currently 42 Players on the Texas Rangers' MLB roster (the "MLB Players"), and the remaining Players play in the minor leagues (the "Minor League Players"). Of the 42 MLB Players, only 25 MLB Players play in the MLB at any time, with the remainder playing in the minor league or not playing due to injury. The Players' contracts are all individually negotiated and their compensation varies according to the

[2] Concurrently herewith, the Debtor has filed a motion for authority to, among other things, continue its existing cash management system.

terms of their contracts and whether they are playing in MLB or the grade of team for which they are playing in the minor leagues.

27. The approximately 1,664 Non-Player Employees and 223 Minor League Players not under the terms of a Major League contract are not members of any union. However, the MLB Players, who are under the terms of a Major League contract whether they are currently in the Major Leagues or the Minor Leagues, are members of the Major League Baseball Players Association union.

28. Of the approximately 1,664 Non-Player Employees, two are officers of the Debtor—Lynn Nolan Ryan, Jr. as President[3] and Kellie L. Fischer as Chief Financial Officer and Secretary.

29. The extent of the Debtor's payroll obligations to a particular Full-Time Employee depend primarily upon whether such Full-Time Employee is salaried or, alternatively, compensated for services on an hourly basis. As of the Commencement Date, the Full-Time Employees consist of approximately (i) 320 salaried Employees and (ii) 69 non-salaried Employees, who accrue wages on an hourly basis and are entitled to overtime compensation for hours worked in excess of 40 hours per week, or on weekends, equal to 1.5 times their regular hourly pay rate. Most of the Part-Time Employees, Seasonal Employees, and Interns earn wages on an hourly basis.

30. Pursuant to the terms of that certain Interim Transition Services Agreement (the "ITSA"), dated May 23, 2010, five of the Debtor's Full-Time Employees (the "Shared Cost Employees") provide services to both the Debtor and the Debtor's affiliate, Dallas Stars, L.P (the "Stars"). These Shared Employees provide human resources services, legal

[3] Mr. Ryan is one of the Highly Compensated Non-Player Employees (as defined below) as well as one of the Purchasers under the Prepackaged Plan.

services, information technology services and payroll and accounting services to both the Debtor and the Stars. As contemplated by the ITSA, the Debtor and the Stars each pay a percentage of the Shared Cost Employees' salaries, based on the approximate individual breakdown of time spent performing services for each entity. The Debtor is responsible for between 60%-80% of the total salaries and benefits of the Shared Cost Employees based on the established individual breakdowns. Pursuant to the terms of the ITSA, the Debtor pays the salaries of the Shared Cost Employees and the Stars reimburse the Debtor on a monthly basis in advance for the Stars' portion of the Shared Cost Employees' salaries. As of the Commencement Date, the Debtor is not in possession of any money that would be a prepayment of the Stars for its monthly share of the Shared Employees' salaries. Contemporaneously with the Sale, as contemplated by the Prepackaged Plan, the Shared Cost Employees will continue to work for both the Purchaser and the Stars. All payroll and benefits amounts provided within this Motion reflect only the amounts payable by the Debtor to the Shared Cost Employees and do not include any amounts payable to the Shared Cost Employees by the Stars.

31. The Debtor, in the ordinary course of its business, also incurs payroll and various other obligations to the Players. As discussed in more detail below, the nature and extent of the Debtor's payroll and Employee Benefits obligations to the Players is governed by the MLB's collective bargaining agreement with its players, effective as of December 20, 2006 (the "CBA") and are regulated by MLB and by individual contracts with each Player.

32. HSG processes Employee payroll obligations (including payroll obligations related to both Non-Player Employees and Players) for the Debtor. The Debtor first transfers the funds to HSG and HSG then pays those Employee Obligations.[4] The Debtor

[4] This arrangement is discussed further in the Motion of Debtor, Pursuant to Sections 105(a), 345(b), 363(c) and 364(a) of the Bankruptcy Code, for (i) Authority to Continue to Use Existing Cash Management Systems,

intends to maintain its current payroll system until the completion of the Sale on the Effective Date, as contemplated by the Prepackaged Plan.

33. The Debtor has incurred costs and obligations in respect of the Employees that remain unpaid because they accrued, either in whole or in part, prior to the Commencement Date. As a result of the Debtor's payroll practices, even though accrued prior to the Commencement Date, these obligations will become due and payable in the ordinary course of the Debtor's business only on or after the Commencement Date. In addition, the Debtor will continue to incur payroll and other obligations to the Employees on a prospective basis.

34. Due to the fact that a major league baseball team's roster is continually changing, as players are moved from MLB to the minor leagues and vice versa or are moved within the minor leagues, it is impossible to estimate the Debtor's average monthly gross payroll with complete accuracy. However, based on payments made for the May 15, 2010 payroll date, the Debtor estimates that they pay approximately $16,870,000 in wages per month during the baseball season (including amounts withheld for Withholding Taxes, contributions to the 401(k) Plan and the Flex Program), of which approximately (i) $3,675,000 relates to Non-Player Employee obligations and (ii) $13,195,000 relates to Player Employee obligations.

A. Non-Player Employee Obligations

I. Wages, Salaries and Compensation Expenses

35. Prior to the Commencement Date and in the ordinary course of business, the Debtor typically pays obligations relating to wages, salary, and compensation for its Non-Player Employees on a semi-monthly basis on the 15th and last day of each month (the "Non-Player Wage Obligations"). Full-Time Employees are paid current each pay period, while

(ii) Authority to Maintain Existing Bank Accounts and Business Forms and (iii) an Extension of the Debtor's Time to Comply with Section 345(b) of the Bankruptcy Code (the "Cash Management Motion").

the Part-Time Employees, Seasonal Employees, and Interns are paid on the 15th of each month for hours worked through the 5th of the month, and on the last day of the month for hours worked through the 20th of the month.

36. In addition to typical wages, the Non-Player Wage Obligations include certain commissions earned by Non-Player Employees including, but not limited to, those Non-Player Employees involved in the sale and renewal of season and group ticket packages and the sale of sponsorship packages. The Debtor estimates that, as of the Commencement Date, approximately $2,500,000 of Non-Player Wage Obligations (including $50,000 of commissions) owed to Non-Player Employees remain accrued and outstanding. The Debtor estimates that of the Non-Player Wage Obligations, other than the Highly Compensated Non-Players Employees (as defined below) no individual is owed wages or commissions in excess of $11,725 and thus the full amounts of claims based on those obligations would be entitled to priority under section 507(a)(4) of the Bankruptcy Code.

37. The Debtor has two highly compensated Non-Player Employees (the "Highly Compensated Non-Player Employees") who are responsible for the overall management and operations of the Debtor. As of the Commencement Date, the Debtor estimates that it owes the Highly Compensated Non-Player Employees $35,156.25 and $25,781.06, respectively. However, as discussed in greater detail herein, Debtor believes that due to the unique circumstances of this chapter 11 case, wherein all unsecured claimants are being paid in full, the Debtor should be allowed to pay the Highly Compensated Non-Player Employees in full in the ordinary course, notwithstanding the provisions of section 507(a)(4) of the Bankruptcy Code.

38. In general, the payroll obligations of the Debtor, especially as to its Seasonal Employees, vary greatly from pay period to pay period depending on the number of

home games the baseball club plays in that particular period. The Debtor estimates that it pays Seasonal Employees approximately $62,500 per game in hourly wages, not including overtime. The Debtor estimates that average monthly overtime it pays to Part-Time Employees and Seasonal Employees is approximately $100,000 during the season.

39. In addition to the foregoing Non-Player Wage Obligations and commissions, certain of the Debtor's Non-Player Employees incur various expenses in the discharge of their duties, such as travel and meal expenses. Because such expenses are incurred in connection with the performance of duties that fall within the scope of such individuals' employment, the Debtor reimburses such authorized business expenses in full (the "Non-Player Expense Reimbursements") after submission of appropriate documentation to the employee's immediate supervisor and the Debtor's accounting department. Certain Non-Player Expense Reimbursements are travel-related expenses, and include transportation, hotel and other accommodations, and meals. Non-Player Expense Reimbursements are paid by the Debtor on the 15th day of the month, for approved expense reports received by the Debtor's accounting department by the 6th day of the month, or on the last day of the month for reports received by the 20th day of the month. All Non-Player Expense Reimbursement obligations are administered internally by the Debtor. Due to the seasonality associated with expenses, it is difficult to estimate a gross monthly average. However, based on May 15, 2010 payroll, the Debtor estimates the Non-Player Expense Reimbursements average approximately $160,000 per month during the season. The Debtor estimates that approximately $75,000 of prepetition Non-Player Expense Reimbursements will be outstanding as of the Commencement Date.

II. Obligations in Respect of Payroll Taxes

40. The Debtor is required by law to withhold from the wages of Employees certain amounts related to federal, state, and local income taxes, as well as social security and Medicare taxes (collectively, the "Withholding Taxes") and to remit any such withheld amounts to the appropriate taxing authorities (collectively, the "Taxing Authorities"). Based on the May 15, 2010 payroll, the Debtor estimates that it withholds approximately $395,000 per pay period for obligations relating to Non-Player Wage Obligations during the baseball season. As with other payroll numbers, these amounts vary greatly from pay period to pay period, depending on the number of home games the baseball club plays. The Debtor is also required to make matching payments from its own funds on account of social security and Medicare taxes, and to pay, based upon a percentage of gross payroll and subject to state-imposed limits, additional amounts for, among other things, state and federal unemployment insurance (collectively, with the Withholding Taxes, the "Payroll Taxes"). The Debtor estimates that it does not owe any amount for federal Payroll Taxes as of the Commencement Date. However, the Debtor also withholds certain state Payroll Taxes of Non-Player Employees for Taxing Authorities in Arizona, California, Colorado, Iowa, Illinois, Louisiana, Michigan, Missouri, North Carolina, Nebraska, New Jersey, New Mexico, Oklahoma and Pennsylvania (the "Taxing States"), where certain Non-Player Employees reside. These Payroll Taxes are remitted to the Taxing States at various frequencies, dependent upon the laws of the Taxing States. Some state Payroll Taxes are remitted bi-monthly, while other state Payroll Taxes are remitted as infrequently as quarterly. The Debtor estimates that approximately $20,000 of Withholding Taxes and Payroll Taxes have been withheld from the Non-Player Employees and remain outstanding as of the Commencement Date.

III. Non-Player Employee Benefit Plans

41. In the ordinary course of business, the Debtor has established various benefit plans and policies for its Non–Player Employees, which can be divided into the following categories: (a) bereavement leave, holiday pay, jury duty, family and medical leave, military leave, personal leave, short term disability, personal days, and vacation days (collectively, the "PTO Plans"), (b) medical, dental and vision benefits, life insurance, long-term disability insurance, and flexible benefit plans (collectively, the "Health and Welfare Plans"), (c) 401(k) plan benefits (the "401(k) Plan"), (d) the severance plans, (e) employee ticket programs merchandise discount programs (the "Discount Programs"), and (f) The Employee Assistance Plan ((i)-(v) collectively, the "Non-Player Employee Benefit Plans"). In connection with the provision by the Debtor of the Health and Welfare Plans and the 401(k) Plan, the Debtor directly deducts specified amounts from otherwise payable Non-Player Wage Obligations.

(a) Paid Time Off Benefits

42. Under the PTO Plans, all of which are administered internally by the Debtor, eligible Non-Player Employees accrue paid time off and related benefits based on the following:

(i) *Vacation and Personal Days*

43. Full-Time Employees receive up to eight paid personal days each calendar year, to be used at the employees' discretion for sick days or personal days. Personal days accrue from the date of hire at the rate of 2.5 hours per pay period, with an eight day annual maximum. In the event of termination, unused personal days are not paid. Unused personal days are also not paid or carried over at the end of the year.

44. In addition, Full-Time Employees accrue ten vacation days in their first year of employment, which increases to: (i) fifteen vacation days from the fifth to ninth years of employment, and (ii) twenty vacation days for more than ten years of service. A maximum of five unused vacation days may be accrued from one year to the next but must be used in the first quarter of the next year. The Debtor does not remit payment in lieu of vacation days, unless an employee terminates his or her employment. The Debtor also reimburses terminated Employees for accrued vacation days, as required by law.

(ii) *Holiday Pay*

45. Full-Time Employees are allowed up to eight paid holidays on specified public holidays during the calendar year. If a Full-Time Employee is required to work on a scheduled holiday, such Employee will be entitled to compensatory days, at a time agreed upon by his or her supervisor, in lieu of the worked holiday.

(iii) *Other Paid Time Off Benefits*

46. Under the Family & Medical Leave Act 1993, employees are entitled to twelve weeks of unpaid, job-protected leave for certain family and medical reasons (such as the birth or adoption of a child, the care of a spouse, child or parent of the employee or due to the employee's own serious health condition) (the "FMLA Leave"). Under the policy, employees who have been employed for at least one year and for 1,250 hours during the twelve month period immediately preceding the requested leave time are eligible. Employees are entitled to a total of twelve work weeks of FMLA Leave in a rolling 12-month period. If an employee has health benefits through the Debtor, the employee's benefits will continue while on leave.

47. In addition, under the short-term disability policy, Full-Time Employees who exhaust their sick leave days and remain medically disabled may be eligible for salary

continuation for up to a maximum of six weeks in a 12-month period (the "Short-Term Disability Pay"). Short-term disability may run concurrent with FMLA Leave. Short-Term Disability Pay is intended to compensate employees absent from work due to a temporary medical disability (including pregnancy and childbirth). Full-Time Employees with more than six months service qualify for two weeks of Short-Term Disability Pay per 12-month period. This increases to four weeks pay per 12-month period for Full-Time Employees with between one and two years' service, and to six weeks pay per 12-month period for those with more than two years of service. Short-Term Disability Pay covers base pay only, and an Employee's health coverage will continue at the same level during the leave.

48. In addition, Full-Time Employees are also given reasonable paid bereavement time in the event of a death within the immediate family. The standard amount of time off on account of bereavement is up to three days, but may be increased on an unpaid basis upon approval by the Debtor. In addition, Full-Time Employees also are eligible for up to ten days of paid leave for jury duty. Finally, the Debtor will grant leaves of absence as required by law for Employees who are members of the military service. Such Employees will be granted a military leave of absence without pay, but Employees who are on short-term Reserves or National Guard duty will be paid the difference between their normal base pay and military pay for up to two weeks per year.

(b) Health and Welfare Benefits

49. The Debtor sponsors several Health and Welfare Plans to provide benefits to Full-Time Employees, including, without limitation, plans such as (i) medical, dental, and vision, (ii) flexible benefit programs, (iii) life insurance and accidental death and dismemberment ("AD&D") insurance, (iv) long-term disability benefits, and (v) executive long-term disability

insurance and supplemental income protection insurance. Part-Time Employees are not entitled to participate in the Health and Welfare Plans.

(i) *Medical, Dental, and Vision Benefits*

50. The Debtor offers various health benefits, including, among others, medical, dental, and vision benefits. All three plans are preferred provider organizations ("PPOs"), under which improved benefits are available when using a network doctor, dentist, or provider. These plans are offered to Full-Time Employees and are available to their families. The medical PPO is provided by Highmark Blue Cross Blue Shield, and offers two levels of benefits, depending on whether the provider is in or out of network (the "Medical PPO"). Under the Medical PPO, the Debtor is required to submit an annual premium of $2,138,341.20, payable in equal monthly installments. The Debtor takes a portion of the wages paid to the over 250 Full-Time Employees that subscribe to the Medical PPO and applies that toward the annual premium (the "Employee Contribution"). The annual Employee Contribution is $367,498.56, leaving the Debtor's portion of the Medical PPO at $1,770,842.64 annually. Because it prepays its monthly obligations for the Medical PPO, the Debtor does not believe that as of the Commencement Date it owes any amounts based on the Medical PPO. Further, the Debtor has remitted the Employee Contribution withheld as part of the May 15, 2010 pay period to Highmark Blue Cross Blue Shield for the Medical PPO.

51. Dental benefits are provided through United Concordia (the "Dental PPO"), and operate on a similar basis to the Medical PPO. Under the Dental PPO, the Debtor is required to submit an annual premium of $118,838.88, payable in equal monthly installments. As with the Medical PPO, the 190 Full-Time Employees that subscribe to the Dental PPO make an Employee Contribution directly from their paychecks. The annual Employee Contribution for

the Dental PPO is $27,258.72, leaving the Debtor's portion of the Dental PPO at $91,580.16 annually. Because it prepays its monthly obligations for the Dental PPO, the Debtor does not believe that as of the Commencement Date it owes any amounts based on the Dental PPO. Further, the Debtor has remitted the Employee Contribution withheld as part of the May 15, 2010 pay period to United Concordia for the Dental PPO.

52. Vision benefits are provided through Davis Vision Inc. (the "Vision PPO"), and include reduced fees for examinations and eyewear from a network provider. Under the Vision PPO, the Debtor pays an annual premium of $2,899.20, payable in equal monthly installments, which is covered entirely by the 170 electing employees. The Debtor has remitted the Employee Contribution withheld as part of the May 15, 2010 pay period to Davis Vision, Inc. for the Vision PPO.

(ii) *Flexible Benefits*

53. The Debtor employs a flexible benefit plan that provides Full-Time Employees the opportunity to pay for eligible expenses, including health insurance premium contributions, out-of-pocket health care expenses, and dependant care expenses, with pre-tax dollars through payroll deductions programs (the "Flex Program"). Currently 76 Employees participate in the Flex Program. The Flex Program allows Full-Time Employees to contribute up to $2,500 per year of pre-tax income through payroll deductions to be used for eligible out-of-pocket medical expense of the Employee or a dependent family member and up to an additional $5,000 per year to be used for dependent care. Taxsaver Plan administers the Debtor's Flex Program, but the Debtor holds the balance of the employee money that has been contributed to the Flex Program. As of May 17, 2010, the Debtor estimates it is in possession of $2,184

withheld from Full-Time Employees Salaries under the Flex Program, which amounts are expected to be used by Taxsaver to administer the Flex Program.

(iii) *Life Insurance and AD&D Insurance*

54. The Debtor maintains basic life and additional voluntary insurance coverage for all active Full-Time Employees working 30 or more hours per week in the event of serious illness or death. Lincoln National Life Insurance ("Lincoln") provides the Debtor's life insurance plan and AD&D plans, which are maintained under the same insurance policy. The life insurance and AD&D insurance plans provide life and AD&D benefits on behalf of all qualifying Full-Time Employees. In the event that death occurs from a covered accident, both the life and the AD&D benefit would be payable, each of which generally pays 150% of such Full-Time Employees annual compensation (excluding bonuses) up to a maximum $300,000 benefit. Benefits available under the above-described life insurance and AD&D Programs are reduced by 35% upon the employee reaching the age of 65, and by an additional 15% at the age of 70. Benefits terminate at retirement. The insurance coverage is provided at a fixed annual premium paid by the Debtor on a monthly basis in advance. The Debtor estimates its average monthly cost of the life and AD&D insurance plans is $7,900. The Non-Player Employees do not pay to participate for the life and AD&D insurance plans. The Debtor estimates that it does not owe any money at this time for the life and AD&D insurance plans.

55. In addition, all active Full-Time Employees working thirty or more hours per week who have served the eligibility waiting period may purchase additional life insurance through Lincoln, on a payroll deduction basis. Such employees may purchase protection up to five times their annual salary (rounded to the next higher $10,000) up to a maximum of $500,000. Under the policy, it is also possible to insure spouses and dependent children. The

Debtor collects money from the electing Non-Player Employees each pay period, but remits payment to Lincoln once per month. As such, the Debtor estimates that it currently holds $1,420 collected from the electing Non-Player Employees for the June premiums on the additional life insurance.

(iv) *Disability Benefits*

56. The Debtor maintains and administers long-term disability plans through Lockton. In addition, as described further above, the Debtor provides Short-Term Disability Pay, administered by Lincoln, for Full-Time Employees, according to their length of service. The long-term disability plan is provided to cover active Full-Time Employees working 30 or more hours per week (the "Long-Term Disability Plan"). At the Commencement Date, 320 Full-Time Employees were covered under the Long-Term Disability Plan. There are two separate classes under the Long-Term Disability Plan. For most Employees, the Long-Term Disability Plan provides 60% of regular monthly base salary, up to a maximum of $5,000 per month, to qualifying employees who may become disabled due to a covered injury or sickness and are unable to work past their 90th day of disability. In addition, approximately twelve employees[5] are provided a maximum of $10,000 per month due to the occurrence of a disability as described above. Benefits are reduced by certain other disability or retirement benefits. Employees who are eligible under the Long-Term Disability Plan receive this benefit until the age of 65 or the Social Security Normal Retirement Age, provided the employee continues to meet the definition of disability. The insurance coverage is provided at a fixed annual premium of $55,000, paid by the Debtor on a monthly basis. The Debtor estimates their average monthly cost of the life

[5] The coverage states that eligible employees are: All full-time active Presidents, Executive Vice Presidents, Senior Vice Presidents, General Managers, Former General Managers, Assistant General Managers, Consultants, On-Air Commentators, Director-Scouting and Chief Operating Officers working 30 or more hours per week.

insurance and AD&D insurance plans is $4,600. The Debtor prepays this amount on the first of each month, and therefore estimates it does not owe any money on account of the Supplemental Plan.

(v) *Executive Benefits*

57. In addition to the basic Long-Term Disability Plan, the Debtor maintains a supplemental income protection plan through Unum Life Insurance Company of America (the "Supplemental Plan") for selected full-time executives earning $200,000 or more. At the Commencement Date, three executives of the Debtor were covered under the Supplemental Plan. The Supplemental Plan provides 60% of regular monthly base salary above the $10,000 per month available under the basic Long-Term Disability Plan, to the three qualifying employees who become totally disabled due to a covered injury or sickness and unable to work past their 90th day of disability. The Employees who are eligible for the Supplemental Plan receive this benefit until the age 65. The Debtor estimates that its portion of the premium due on the Supplemental Plan is approximately $161 per month. The Debtor prepays this amount on the first of each month, and therefore estimates it does not owe any money on account of the Supplemental Plan as of the Commencement Date.

58. Based on the Debtor's total expenditure on the April 30, 2010 payroll date, the Debtor estimates that average monthly expenditure under the Health and Welfare Plans is approximately $216,000, and it estimates that nothing will be outstanding under the Health and Welfare Plans as of the Commencement Date.

(c) 401(k) Savings Plan

59. The Debtor also sponsors a retirement investment plan for its Non-Player Employees (the "401(k) Savings Plan") and automatically withholds 3% of the wages of

participating Non-Player Employees, unless the employee elects a different percentage or elects not to contribute towards the 401(k) Savings Plan (the "Withholding Contributions"). All Non-Player Employees who have reached the age of 21 are eligible for enrollment in the 401(k) Savings Plan. Participants may elect to defer up to 25% of their salary subject to limitations imposed by current tax law. Under the 401(k) Savings Plan, for every dollar contributed by an employee up to 6% of their pay, HSG Holdings, LLC ("HSG Holdings") makes contributions of 50% of that portion (the "Matching Contributions").

60. HSG Holdings may also elect to make profit sharing contributions to the 401(k) Savings Plan. In the ordinary course, profit sharing contributions from the 2009 fiscal year are scheduled to be allocated among participants by Milliman, Inc. with the June 15, 2010 payroll. These profit sharing contributions from 2009, totaling $440,000, have already been contributed by HSG Holdings and will move directly into the participant's individual 401(k) plans. In addition, the Debtor remits $10,000 each pay period, which is held in trust throughout the year and is intended to be the 2010 profit sharing contributions for all participating Employees. To date, the Debtor has placed $80,000 into a trust for this purpose.

61. Contributions made by participating Employees immediately vest each pay period. Matching Contributions vest over a 5-year period at a rate of 20% per year. Profit sharing contributions do not vest until after five years of service for contributions made prior to 2007, and until after three years of service for contributions made after 2006, upon which time they vest 100%. Any non-vested portion of a terminated participant's account balance is forfeited and such amounts are used to pay plan expenses or to meet HSG Holdings' obligation to make contributions under the 401(k) Plan. The 401(k) Plan is provided and administered by HSG Holdings, with the assistance of Milliman, Inc. The 401(k) Plan is charged a monthly fee

for administration services (recordkeeping, accounting, trustee, reporting services etc.), which is charged directly to the 401(k) Plan. Based on payments made for the May 15, 2010 payroll date, the Debtor estimates monthly fees for the maintenance of the 401(k) Plan to be approximately $3,097.79. As of the Commencement Date, the Debtor does not believe it owes anything based on those maintenance fees. The Debtor matched Non-Player Employee Contributions in the amount of $379,675.03 in 2009. As of the Commencement Date, the Debtor estimates it does not owe any amount for Matching Contributions.

(d) Severance Policies

62. As of the Commencement Date and in the ordinary course of its business, the Debtor maintains an internally-administered severance plan for all Full-Time Employees and Part-Time Employees, which provides for payment of one week's salary for each completed year of employment (the "Severance Policy"). Generally, an Employee is eligible for severance benefits under the Severance Policy if the Employee is permanently terminated by the Debtor as a result of a reduction in the Debtor's workforce or an elimination of the Employee's present job position. The Severance Policy also provides that the Debtor will provide medical insurance, typically for a period of time equal to the time wages will continue to be paid, in exchange for an Employee's waiver and release of all claims against the Debtor.

63. As of the Commencement Date, the Debtor estimates that approximately three Employees terminated prepetition remain entitled to continued severance payments. None of the former Employees currently receiving benefits under the Severance Policy are former insiders of the Debtor. As of the Commencement Date, outstanding payments remaining in respect of the Severance Policy are $59,361.09. All obligations with respect to severance and the Severance Policy and programs are hereinafter referred to as "Severance Obligations." As with

the Deferred Compensation obligations (as defined below), the Debtor believes it could cause potential business disruptions and could even affect the morale of current Employees to not continue to pay the Severance Obligations in the ordinary course when all unsecured claims are being paid in full under the Prepackaged Plan and when the Debtor has requested the payment in full of all of its vendors in the ordinary course. With respect to Employees severed subsequent to the Commencement Date, if any, the Debtor intends to pay all Severance Obligations in the ordinary course of business.

(e) Discount Merchandise Programs

64. The Debtor also offers all Full-Time Employees 120 vouchers and Interns 60 vouchers per season that may be redeemed for tickets to specific Texas Rangers' home games (collectively, the "Ticket Vouchers"). In addition, if a Full-Time Employee or Intern uses all of his or her vouchers in a season, he or she may be allotted, upon on executive approval, up to 50 more Ticket Vouchers for that season. Unless otherwise approved, only four Ticket Vouchers can be redeemed at any time and the Ticket Vouchers may not be redeemed for certain restricted games. However, the Full-Time Employees and Interns have an option to purchase tickets for restricted games at a 50% discount (the "Ticket Discount"). Provided they do not join near the end of the season, Full-Time Employees and Interns hired after the start of the season are entitled to a *pro rata* allocation of Ticket Vouchers. Seasonal Employees are given one voucher per month at the time of their paycheck, where each voucher may be redeemed for four non-restricted games.

65. In addition, all Full-Time Employees are entitled to receive a 30% discount on all regularly priced merchandise in the Texas Rangers retail stores, excluding sale and autographed merchandise. Part-Time Employees, Seasonal Employees, and Interns are

offered a 15% discount on all regularly priced merchandise in the Texas Rangers retail stores, excluding sale and autographed merchandise.

(f) Relocation Benefits

66. The Debtor provides reimbursable expenses to either (i) employees who, at the Debtor's request, relocate to the another city in connection with their employment by the Debtor, or (ii) new employees hired for a senior management level position who are required to relocate (the "Relocation Benefits"). The Debtor estimates, that as of the Commencement Date, it has no outstanding Relocation Benefits due to any Employees.

B. Player Obligations

67. As a Major League Baseball Club, the Major League Constitution and Major League Rules govern the affairs of the Debtor. As a member of MLB, the Debtor is also subject to the rules and regulations set forth in the CBA. Pursuant to the CBA, MLB dictates permissible terms of MLB player compensation. The current CBA has been in effect since December 20, 2006 and will terminate on December 11, 2011. Labor relations between MLB and the Players are governed by the CBA. Minor League Players are not covered by the provisions of the CBA until such time as they may become MLB Players.

I. Player Salaries

68. The current amount of guaranteed MLB Player contracts is $63,024,540 for the 2010 season, and no performance bonuses are currently due and payable to MLB Players. Prior to the Commencement Date and in the ordinary course of business, the Debtor typically paid obligations relating to player salaries (the "Player Salaries" and, together with the Non-Player Wage Obligations, the "Wage Obligations") on the same semi-monthly basis as Non-Player Employees. On the 15th and last day of each month, the Players are paid current based on their individual earned Player Salaries. The Debtor estimates that, as of the

Commencement Date, $3,830,806 in Player Salaries has accrued but not been paid. The Player Salaries owed to many of the MLB Players are in excess of the $11,725 priority cap set forth in section 507(a)(4) of the Bankruptcy Code.

69. In addition to Player Salaries, certain Players receive signing bonuses. Signing bonuses for 2009 domestic drafts have been fully paid, and most international signings are pending approval by the MLB; however, the Debtor is aware of approximately $10,000 in obligations for signing bonuses outstanding as of the Commencement Date. Further, while the Debtor is aware of only $10,000 in outstanding signing bonuses, certain personnel within the Debtor's organization have the authorization to sign new Players and provide signing bonuses. Due to the worldwide nature of the Debtor's business and scouting operations, these signing bonuses may not be reported by the personnel authorizing the signing bonus for a short period of time, meaning the Debtor may owe additional prepetition obligations for signing bonuses. However, the Debtor believes that these additional, as yet unreported signing bonuses, if any, would be less than $20,000 per signing bonus and are not substantial amounts in comparison the Debtor's entire Compensation Obligations.

II. Obligations in Respect of Payroll Taxes

70. Unlike the majority of the Non-Player Employees, who primarily work in Texas and thus do not have state Withholding Tax obligations, the Players incur both federal Withholding Tax obligations, and, depending on where any particular game is being played, state Withholding Tax obligations. As the Players travel to various states and Canada to play baseball games, they earn income based on their performance in those individual states and are required to pay taxes to the Taxing Authorities of the specific state they are playing in, or Canada, as

applicable.[6] Thus, the MLB Players pay taxes to various state Taxing Authorities throughout the season, depending on the schedule of the baseball club. The aggregate amounts withheld from Players for the various state Taxing Authorities and Canadian Taxing Authorities from pay period to pay period vary substantially. As explained above, it is extremely difficult to determine an average state Withholding Tax for any particular pay period. As part of the May 15, 2010 payroll, the Debtor withheld $132,193 for payroll taxes for various state Taxing Authorities and Canadian Taxing Authorities. In addition to the state Withholding Taxes, as part of the May 15, 2010 payroll, the Debtor withheld $3,162,390 in federal Withholding Taxes. As of the Commencement Date, the Debtor estimates that it holds no unremitted Withholding Taxes attributed to the Players.

III. Player Benefits

71. The Players have various benefit plans and policies, which can be divided into the following categories: (i) medical insurance, dental insurance, vision care and business travel accident insurance for MLB Players collectively, "Players Association Health and Welfare Plan"), (ii) a multiple employer defined benefit plan for MLB Players and other employees (the "Players Association Pension Plan," and together with the Players Association Health and Welfare Plan, the "MLB Plan")), (iii) medical insurance, dental insurance, and vision care for the Minor League Players, (iv) a multiple employer defined benefit plan for minor league players ("Minor League Pension Plan") and (v) 401(k) plan benefits (the "Player 401(k) Plan").

[6] By way of example, if the 25 MLB Players on the current roster travel to Oakland, California to play a game against the Oakland Athletics, those MLB Players are deemed to have earned their salaries for that game in California, and are required to remit payments for California state income tax to the appropriate California Taxing Authority.

(a) General

72. Pursuant to the current CBA, MLB and the MLB Players Association have established the MLB Plan. Contributions to the MLB Plan are made from the Major League Central Fund (the "Central Fund") established under the Major League Constitution. Under the Central Fund provision, MLB collects certain revenues from designated sources on behalf of each Major League Baseball club (each, a "Club") and holds those funds for payment of certain designated obligations, including the agreed annual funding of the MLB Plan. The Trustees of the MLB Plan allocate the CBA required contribution by the Clubs between the Players Association Health and Welfare Plan and the Players Association Pension Plan. Revenues in excess of designated expenses are returned to the Clubs on an annual basis. To the extent that revenues were not sufficient to satisfy the contribution obligation to the MLB Plan, each Club would be obligated to fund its pro rata share of any short-fall.

(b) Players Association Health and Welfare Plan

73. The MLB Players, five Rangers coaches and various miscellaneous employees (including former players who still have coverage and employees included under the MLB Plan under their employment contract) and spouses and unmarried dependent children, unless such children are full-time students, through a number of separate policies with different providers receive first dollar medical, dental and vision coverage under the Players Association Health and Welfare Plan. The Players Association Health and Welfare Plan offers various health benefits, including, among others, medical, orthodontia, vision, prescription drugs, skilled nursing, out-patient psychiatric, emergency health services, out-patient surgery, and well child-care. The Debtor's obligations with respect to the Players Association Health and Welfare Plan is funded out of the Central Fund on behalf of Debtor. The Debtor estimates that the average

monthly cost to the Debtor for the Players Association Health and Welfare Plan is $18,000 per MLB Player covered, or an aggregate of $756,000, and that as of the Commencement Date nothing is outstanding. Participation of Debtor in the Players Association Health and Welfare Plan is a requirement of membership in MLB and the CBA and is essential to the ongoing operation of the Debtor's business.

(c) Players Association Pension Plan

74. MLB Players also participate in the Players Association Pension Plan, which was established pursuant to the CBA. The Debtor has no contribution obligation to the Players Association Pension Plan.

(d) The Minor League Medical PPO

75. The Debtor offers medical, dental and vision benefits to the Minor League Players. The health plan for the Minor League Players is a PPO, under which improved benefits are available when using a network doctor (the "Minor League Medical PPO"). The Minor League Medical PPO is offered to all Minor League Players, and is available to their families. The Minor League Medical PPO is provided by Highmark Blue Cross Blue Shield, and offers two levels of benefits, depending on whether the provider is in or out of network, and through which the Employee coordinates his or her own care. The Debtor pays an annual premium of $325,000 in respect of the Minor League Medical PPO, paid in monthly installments in advance, and estimate that as of the Commencement Date no amount is outstanding. The Debtor is responsible for all payments to the Minor League Medical PPO.

76. Dental benefits for Minor League Players are provided through United Concordia, under which the plan pays for a percentage of dental treatment, if covered, depending on the level of services provided. The Debtor does not pay any portion of the Minor League

Dental PPO, and as such the Debtor estimates that as of the Commencement Date no money is outstanding.

77. Vision benefits are provided through Davis Vision Inc., and include reduced fees for examinations and eyewear from a network provider. The Debtor does not pay any portion of the Minor League Vision PPO, and as such the Debtor estimates that as of the Commencement Date no money is outstanding.

(e) Player 401(k) Plan

26. Major League Baseball also maintains a retirement investment plan for Players that choose to participate. Players may contribute the maximum amount allowed by law. The Debtor does not contribute to the Player 401(k) Plan.

IV. Player Expenses

(a) Contract Assignment Expenses

78. Under the CBA, the Debtor has the obligation to reimburse a Player for "reasonable" expenses related to the assignment of the Player's contract from one baseball club to another, including, but not limited to, the obligation to reimburse actual expenses incurred in moving to the home territory of such Player's new club (collectively, the "Assignment Expenses"). The Debtor estimates that, as of the Commencement Date, no money is accrued but unpaid in respect of Assignment Expenses.

(b) Travel Related Expenses

79. The Debtor estimates, that as of the Commencement Date, no money is accrued but unpaid in respect of travel related expenses owed to Players resulting from obligations pursuant to the CBA. The Debtor, through the lease of a private plane, provides transportation to the MLB Players for road games. The Debtor also pays for the hotel expenses

of the MLB Players and provides the MLB Players a *per diem* in cash at the start of any road trip. The Debtor has similar arrangements with its Minor League Players.

C. The Deferred Compensation

80. In addition to the foregoing, under the CBA, the Debtor is permitted to defer payment of certain portions of the Player Salaries or signing bonuses (the "Deferred Compensation"). The Debtor seeks to continue to make such deferred payments in the ordinary course. As of the Commencement Date, the Debtor has Deferred Compensation obligations outstanding to six players, some of whom are former MLB Players of the Debtor, while others are current MLB Players of the Debtor. Obligations range from approximately $970,000 to approximately $24,892,000 per player. In total, the Debtor owes approximately $45,795,000 in Deferred Compensation.

81. While most of the Deferred Compensation obligations are paid once per year in either January or March, two of the Deferred Compensation obligations are made in the form of recurring payments, one every pay period and one at the end of each month (the "Monthly Deferred Compensation Obligations"). The Debtor seeks by this Motion, the authority of this Court to continue payment of the Monthly Deferred Compensation Obligations in the ordinary course. The Prepackaged Plan contemplates the payment in full of all unsecured creditors, and further, pursuant to the Debtor's Motion Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code for Authorization to Pay the Prepetition Claims of Certain Creditors in the Ordinary Course of Business (the "All Vendors Motion") the Debtor contemplates paying all vendors in full in the ordinary course of its business. The Debtor estimates that in the first 21 days of this Chapter 11 Case, $126,078 will come due on account of the Monthly Deferred Compensation Obligations. Following the consummation of the Sale pursuant to the

Prepackaged Plan, the Purchaser will assume all Deferred Compensation obligations as part of the Sale.

Cause Exists to Authorize the Payment of the Debtor's Employees and Other Personnel

82. Although the pre-plan payment of general unsecured claims is generally disfavored in this district, the payment of priority employee wage claims is generally permitted. Moreover, given the unique nature of this Chapter 11 Case – particularly the fact the debtor is solvent and that all Claims and Equity Interests will be paid in full under the Prepackaged Plan – the Debtor submits that the payment of all Employee Obligations, even those that are not entitled to priority under the Bankruptcy Code, is justified and will not be detrimental to other unsecured creditors who will all be treated the same. Moreover, paying all Employee Obligations is necessary to ensure the uninterrupted operation of the Debtor's business and will benefit all parties in interest.

A. Priority Claims

83. Pursuant to section 507(a)(4)(A) of the Bankruptcy Code, claims of individual or corporations against a debtor for "wages, salaries, or commissions, including vacation, severance, and sick leave pay" earned within 180 days before the Commencement Date are afforded priority unsecured status to the extent of $11,725 per individual or corporation. Similarly, section 507(a)(5) of the Bankruptcy Code provides that claims for contributions to certain employee benefit plans are also afforded priority unsecured status to the extent of $11,725 per employee covered by such plan, less any amount paid pursuant to Bankruptcy Code section 507(a)(4).

84. With respect to Payroll Taxes, the relevant Taxing Authorities generally would hold priority claims under section 507(a)(8) of the Bankruptcy Code with respect to such

obligations. Moreover, the portion of the Payroll Taxes withheld from an Employee's wages on behalf of an applicable Taxing Authority is held in trust by the Debtor. As such, these Payroll Taxes are not property of the Debtor's estate under section 541 of the Bankruptcy Code. *See, e.g., Begier v. IRS*, 496 U.S. 53 (1990) (concluding that withholding taxes are property held by a debtor in trust for another and, as such, are not property of the debtor's estate).

85. The Debtor believes that a substantial portion of the Employee Obligations relating to the period prior to the Commencement Date constitute priority claims under sections 507(a)(4), (5), and (8) of the Bankruptcy Code and payment of these obligations is warranted and supported by existing case law. Courts routinely authorize pre-plan payment of prepetition unsecured claims when such claims are entitled to priority status under the Bankruptcy Code and it is reasonable to believe such payments will benefit the debtor's estate and creditors. *See, e.g., In re CEI Roofing Inc.*, 315 B.R. 50, 59–61 (Bankr. N.D. Tex. 2004). In *CEI Roofing* the court authorized payment of prepetition employee wage claims to the extent that such claims would have been entitled to priority status, and likely payment in full, at the time of plan confirmation, *see* 11 U.S.C. § 503(a)(3), because early payment of the claims was "common sense" in that it prevented the debtors' employees from leaving and thus preserved their businesses. *CEI Roofing*, 315 B.R. at 61. Because claims entitled to priority status will likely be paid in full, courts frequently authorize early payment of priority status claims when such timing and early payment is intended to prevent some harm or to procure some benefit for the estate. *See id.* at 60–61 (stating that as long as higher priority creditors fail to timely object, authorization of early payment in full of priority claims does not trigger concerns of upsetting the priority scheme of the Bankruptcy Code nor of unfairly discriminating amongst general unsecured creditors); *see also In re CoServ, L.L.C.*, 273 B.R. 487 (Bankr. N.D. Tex. 2002)

(implying that a bankruptcy court may authorize early payment of prepetition claims accorded priority treatment in instances where nonpayment could impair a debtor's ability to operate); *Equalnet Comms. Corp.*, 258 B.R. 368, 370 (Bankr. S.D. Tex. 2000) (stating that a court may authorize pre-plan payment of certain priority status claims, to the extent the Bankruptcy Code affords priority status to such claims, because "the need to pay these claims in an ordinary course of business time frame is simple common sense").

86. Furthermore, in this Court's opinion in *CoServ*, while the Court articulated a high standard for paying general unsecured creditors outside of the Plan context, the Court noted that an exception existed for certain claims that are priority claims, such as employee wage and benefit claims, under the Bankruptcy Code. *CoServ*, 273 B.R. at 493. The Court reasoned that the prepayment of priority claims does not raise the same issues as prepayment of select general unsecured claims. Specifically, because priority claims are entitled to payment in full ahead of general unsecured creditors, the only parties that could be affected by the early and full payment of priority claims are parties that are senior to those priority creditors, particularly professionals (which are entitled to priority status under section 507(a)(1)) and secured creditors. *Id.* at 494. Thus, paying priority claims early in a chapter 11 case, "non-payment of which could impair a debtor's ability to operate," may be justified. *Id.* Other Courts in this Circuit have agreed that prepayment of priority creditors does not implicate the typical concerns that exist for prepaying other general unsecured creditors early in the case, namely that doing so would "(1) effect a different priority scheme than the priorities established by Congress in the Bankruptcy Code . . ., and (2) result in an unfair and impermissible discrimination among holders of general unsecured claims." *CEI Roofing*, 315 B.R. at 60 (citing *CoServ*, 273 B.R. at 494).

B. Non-Priority Claims

87. Moreover, under the circumstances of this prepackaged case, the same principles that support the conclusions in *CoServ* and *CEI Roofing* that payment of priority prepetition claims may not be prohibited – *i.e.*, the fact such payment does not upset the priority scheme or result in discrimination among holders of general unsecured claims – supports a conclusion that the payment of *all* Employee Obligations should be authorized, even those that are not priority claims. Payment in full of the various Wage Obligations in the ordinary course promotes one of the guiding principles of the Bankruptcy Code, the equality of distribution for similarly situated creditors. The relief requested by this Motion is consistent with that philosophy. Specifically, because all creditors are being paid in full under the Prepackaged Plan (and given that the Debtor is solvent by a considerable amount), no creditors are prejudiced or have their priorities affected as a result of the payment of the Employee Obligations. On the contrary, the creditors will benefit from the preservation of the estate that results from paying those claims, as described below.

88. Section 1107(a) of the Bankruptcy Code, which provides that a debtor in possession shall perform all the functions and duties of a trustee, contains an implied duty that a debtor in possession act as a fiduciary "to protect and preserve the estate, including an operating business's going-concern value," on behalf of the debtor's creditors and other parties in interest. *CEI Roofing*, 315 B.R. at 59 (quoting *CoServ* at 497). Furthermore, section 105(a) of the Bankruptcy Code provides:

> The court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title. No provision of this title providing for the raising of an issue by a party in interest shall be construed to preclude the court from, *sua sponte*, taking any action or making any determination

> necessary or appropriate to enforce or implement court orders or rules, or to prevent an abuse of process.

Id. § 105(a). The Debtor submits that the Court has the authority under section 105(a) of the Bankruptcy Court to enter an order authorizing the payment of all Employee Obligations, regardless of whether they are entitled to priority, as necessary and appropriate to carry out the Debtor's fiduciary duties under section 1107(a) of the Bankruptcy Code.

89. Many courts have authorized chapter 11 debtors to make payment in full or in part of the prepetition claims of nonpriority general unsecured creditors where necessary to preserve or enhance the value of the debtor's estate to the benefit of all creditors. *See, e.g.*, *In re Just for Feet, Inc.*, 242 B.R. 821 (D. Del. 1999) (authorizing payment of certain critical trade vendors); *In re Tropical Sportswear Int'l Corp.*, 320 B.R. 15 (M.D. Fla. 2005) (authorizing payment of amounts owing to certain critical vendors); *In re Mirant Corp.*, 296 B.R. 427, 429-30 (Bankr. S.D. Tex. 2003) (granting chapter 11 debtors authorization to pay prepetition claims of certain classes of "critical" vendors); *CoServ*, 273 B.R. at 497 (noting that "it is only logical that the bankruptcy court be able to use section 105(a) of the Code to authorize satisfaction of the prepetition claim in aid of preservation or enhancement of the estate").[7]

90. The court in *CoServ* acknowledged that there are occasions when a debtor in possession's duty to preserve the business "can only be fulfilled by the preplan satisfaction of a prepetition claim." 273 B.R. at 497. Payment of prepetition claims is necessary, and may be authorized, when it is established that (1) it is critical the debtor deal with the claimant, (2) a

[7] *See also In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175, 177 (Bankr. S.D.N.Y. 1989) ("The ability of a Bankruptcy Court to authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept.") (citation omitted); *see also In re Lehigh & New England Ry.*, 657 F.2d 570, 581 (3d Cir. 1981) (noting that the "doctrine of necessity" permits "immediate payment of claims of creditors where those creditors will not supply services or material essential to the conduct of the business until their pre-reorganization claims shall have been paid"); *In re Boston & ME. Corp.*, 634 F.2d 1359, 1382 (1st Cir. 1980) (recognizing the existence of a judicial power to authorize trustees to pay claims for goods and services that are indispensably necessary to the debtor's continued operation).

failure to deal with the claimant risks probable harm or eliminates an economic advantage disproportionate to the amount of the claim, and (3) there is no practical or legal alternative to payment of the claim. *Id.* at 498. The *CoServ* Court provided an illustrative list of situations where payment of prepetition obligations by a debtor in possession may be a necessary predicate to preservation of the business. For example, the Court noted that "[c]laims may require payment to avoid loss of a license through the exercise of a jurisdiction's police power." *Id.* at 497. In addition, prepetition warranty or refund claims of consumer customers fell into this category because, if not honored, they "could so harm the debtor's good will as to destroy its going concern value." *Id.* The Court stated that, "like employees, the bankruptcy court cannot force consumers to deal with the debtor, nor is there any practical alternative to satisfying warranty or refund claims." *Id.* The Court also noted that where "payment of a prepetition unsecured claim is the only means to effect a substantial enhancement of the estate . . . payment would be justified." *Id.*

91. In the present case, as discussed above, given that a large portion of the Employee Obligations are entitled to priority and that payment of even the non-priority Employee Obligations will not affect creditor priorities, the Debtor does not believe the test set forth in *CoServ* is applicable to the Employee Obligations. Because the Prepackaged Plan contemplates the payment of all creditors in full, there is no reason to withhold certain portions of the regular wages of the Debtor's Employees, including key baseball players that are highly-compensated, given the negative effect such an action would have on value.

92. However, even if the *CoServ* test was applicable, the payment of the Employee Obligations is justified in this case. Under the first factor of the test, it is critical that the Debtor pay the Employee Obligations to protect the value of the franchise and successfully

complete the Sale contemplated by the Prepackaged Plan. The successful performance of the Players and Highly Compensated Non-Player Employees is directly tied to the valuation of the Debtor's assets. Indeed, the continued efforts of Players and Highly Compensated Non-Player Employees are necessary to allow all creditors to be paid in full. The Sale contemplated under the Prepackaged Plan allows the Purchaser to obtain certain real and personal property, but the most valuable asset is the team itself—which is nothing more than a collection of highly talented individuals that play professional baseball. Indeed, the Debtor's successful farm system and young, up-and-coming talent is cited as factors in the decision of the Purchaser to complete the Sale. The second factor is satisfied because failure to pay the Employee Obligations will likely result in the refusal of some or all Employees to continue to work or perform at their highest levels, which would have catastrophic consequences to the Debtor's business. For example, failure to pay the Debtor's Players and Highly-Compensated Non-Player Employees in the ordinary course would have substantial public relations repercussions for the Debtor, as such Employees are public figures and could result in the Players being unwilling to play. The third factor is also met because there is no practical alternative to payment of the claims. The Highly Compensated Non-Player Employees and Players who are owed in excess of the statutory priority cap are not replaceable or exchangeable commodities. Furthermore, the Debtor is bound by the terms of the Collective Bargaining Agreement, as described below, to pay all Employee Obligations of MLB Players.

93. It is clear that failure to pay the Employee Obligations would have both immediate and long-term effects on the Debtor's business, and could hinder the Debtor's ability to complete the Sale contemplated by the Prepackaged Plan. The existing Players may be distracted and unable or unwilling to perform at the highest levels necessary to compete in Major

League Baseball. In addition, the failure to pay non-salaried Employees could have the disastrous effect of preventing Employees that would be most vulnerable to nonpayment of the Employee Obligations to immediately seek alternative employment opportunities, crippling the Debtor's ability to operate and its business overall.

94. Failure to pay Employee Obligations could have long-term affects that would undermine the value of the Debtor's business. MLB Players in the future may be unwilling to play for the Debtor (or the Purchaser, as the case may be), and an inability to draw top talent may result in an overall devaluation of the Debtor's estate. For example, failure to pay the Monthly Deferred Compensation Obligations could result in a public relations disaster that could not only reduce the value of the Debtor's estate in the short-term, but may result in Players being unwilling to enter into Deferred Compensation agreements in the future, a wages scheme necessary for the Debtor's ability to compete as a professional baseball club.

95. Moreover, any delay or failure to pay wages, salaries, expense reimbursements, benefits, severance, and other similar items could irreparably impair the Employees' morale, dedication, confidence, and cooperation and could adversely affect the Debtor's relationship with the Employees at a time when the Employees' support is critical to the success of the Debtor's chapter 11 case. To protect the Debtor's goodwill with Employees, the Debtor seeks continuation of the Severance Programs to offer financial protection and support for Employees who have been displaced due to business circumstances. Cessation of severance payments to the Former Employees may result in lower morale and loyalty among the remaining Employees—many of whom have developed strong and lasting relationships with those who have been terminated—and cause those remaining Employees to perform their duties at less-than optimal levels, or lead them to seek other employment. The Employees, and especially the

Players, are the most valuable assets of the Debtor, and dictate the value of its franchise. In addition, the value of the Debtor is enhanced by strong performance for the Rangers, and lessened by weak performance. As such it is crucial to the value of the Debtor and its estate that the Players be focused on winning baseball games, not on the bankruptcy proceedings. The Debtor simply cannot risk the substantial damage to its business that would inevitably attend any decline in its Employees' morale.

96. The Debtor is also bound by the terms of the Collective Bargaining Agreement which governs the contractual relationship between the Major League Baseball Clubs and the baseball players. Pursuant to section 1113(f) of the Bankruptcy Code, the debtor in possession may not unilaterally terminate or alter any provisions of a collective bargaining agreement without first complying with the procedures contemplated by section 1113. The Debtor does not seek to reject the Collective Bargaining Agreement under section 1113 of the Bankruptcy Code and is therefore required to honor the Employee Obligations as set forth in the Collective Bargaining Agreement. Further, failure to honor the Employee Obligations could constitute a material default under the Collective Bargaining Agreement and subject the Debtor to substantial penalties and sanctions.

97. The Debtor does not intend to cancel any of the Employee Benefits by this Motion. This Motion is intended only to permit the Debtor, in its discretion, to (i) make payments consistent with existing policies to the extent that, without the benefit of an order approving this Motion, such payments may be inconsistent with the relevant provisions of the Bankruptcy Code and (ii) continue to honor practices, programs, and policies with respect to its present and former employees, as such practices, programs, and policies were in effect as of the Commencement Date. Payment of all Employee Obligations in accordance with the Debtor's

prepetition business practices is in the best interests of the Debtor's estate, its creditors, and all parties in interest and will enable the Debtor to continue to operate its business in an economic and efficient manner without disruption. The Debtor's Employees are central to its business and are vital to this Chapter 11 Case, and failure to honor the Employee Obligations would have a detrimental impact on the Debtor, the value of its assets, and its sale efforts. The total amount sought to be paid herein is relatively modest compared with the size of the Debtor's overall business and the importance of the Employees to the Debtor's Chapter 11 Case.

98. The Debtor submits that, as set forth above, payments made in connection with the Employee Obligations are justified by the facts and circumstances of these cases. Moreover, because (i) none of the Employee Obligations are "stay programs" within the meaning of section 503(c)(1), (ii) the Debtor is not seeking authority at this time to honor any severance payable to any insiders of the Debtor, and (iii) the Debtor maintains the Employee Obligations in the ordinary course of their business, section 503(c) is inapplicable to consideration of the relief requested in this Motion. Even if the Court, though, were to consider any of the Employee Obligations to be outside the ordinary course of the Debtor's business, approval is warranted under section 503(c) of the Bankruptcy Code.

99. In other chapter 11 cases, courts in this district and other jurisdictions have approved payment of prepetition claims for compensation, benefits, and expense reimbursements similar to those described herein. *See, e.g., In re Pilgrim's Pride Corp.*, et al., Case No. 08-45664 (DML) (Bankr. N.D. Tex. Dec. 1, 2008) [Docket No. 65]; *In re Tusa-Expo Holdings, Inc*., et al., Case No. 08-45057 (DML) (Bankr. N.D. Tex. Nov. 7, 2008) [Docket No. 18]; *In re Home Interiors & Gifts, Inc.*, Case No. 08-31961 (BJH) (Bankr. N.D. Tex. May 2, 2008) [Docket 68]; *In re Manchester, Inc., et al.*, Case No. 08-30703(BJH) (Bankr.

N.D. Tex. Mar. 7, 2008) [Docket No. 116]; *In re Steve & Barry's Manhattan LLC, et al.,* Case No. 08-12579 (ALG) (Bankr. S.D.N.Y. July 10, 2008) [Docket No. 49]; *In re Fortunoff Fine Jewelry and Silverware, LLC,* Case No. 08-10353 (JMP) (Bankr. S.D.N.Y. Feb. 29, 2008) [Docket No. 302]; *In re Charys Holding Co.*, Inc., Case No. 08-10289 (BLS) (Bankr. D. Del. Feb. 15, 2008) [Doc. No. 21].[8]

100. Furthermore, bankruptcy courts have approved payment of prepetition claims for compensation, benefits, and expense reimbursements, including payment of prepetition amounts above the statutory cap, similar to those described herein. *See, e.g.*, *In re Integrated Electrical Services, Inc.*, Ch. 11 Case No. 06-30602 (BJH) (Bankr. N.D. Tex. Feb. 14, 2006) [Docket No. 44] (not limiting payment of employee obligations to statutory cap under section 507(a)); *Recycled Paper Greetings, Inc., et al.*, Case No. 09-10002 (KG) (Bankr. D. Del. Jan. 2, 2009) (not limiting payment of wage obligations to the statutory cap); *Vertis Holdings, Inc., et al.*, Case No. 08-11460 (CSS) (Bankr. D. Del. July 15, 2008) (same); *see also In re Steve & Barry's Manhattan LLC, et al.*, Case No. 08-12579 (ALG) (Bankr. S.D.N.Y. July 10, 2008) [Docket No. 49]; *In re Lexington Precision Corp.*, Case No. 08-11153 (MG) (Bankr. S.D.N.Y. April 22, 2008) [Docket No. 27].

Request for Authority for Banks to Honor and Pay Checks Issued and Electronic Funds Transferred to Pay Employee Obligations

101. As part of its cash management system, the Debtor maintains disbursement accounts (collectively, the "Disbursement Accounts") at various banks and other financial institutions (collectively, the "Banks"). The Debtor draws upon funds in its Disbursement Accounts to satisfy obligations arising from the Payable Claims. The Debtor

[8] Because of the voluminous nature of the unreported orders cited herein, they are not annexed to this Motion. Copies of these orders are available upon request of Debtor's counsel.

requests that the Court authorize and direct the Banks and any other applicable financial institutions to receive, process, honor, and pay any and all checks drawn or electronic funds transferred to pay the Payable Claims, whether such checks were presented prior to or after the Commencement Date. The Debtor also seeks authority to issue new postpetition checks, or effect new electronic funds transfers, on account of such claims to replace any prepetition checks or electronic funds transfer requests that may be dishonored or rejected as a result of the commencement of the Debtor's chapter 11 cases. The Debtor submits that it has sufficient liquidity to pay such amounts as they become due in the ordinary course of the Debtor's businesses.

Reservation of Rights

102. Nothing contained herein is intended or shall be construed as (i) an admission as to the validity of any claim against the Debtor, (ii) a waiver of the Debtor's or any party in interest's rights to dispute any claim, or (iii) an approval or assumption of any agreement, contract, program, policy or lease under section 365 of the Bankruptcy Code. Likewise, if this Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission to the validity of any claim or a waiver of the Debtor's rights to dispute such claim subsequently. Finally, the relief requested herein shall not oblige the Debtor to accept any services, to accept the shipment of goods, or prevent the Debtor from returning or rejecting goods.

The Debtor Satisfies Bankruptcy Rule 6003

103. Bankruptcy Rule 6003 provides that, except to the extent the relief requested herein is necessary to avoid the immediate and irreparable harm, the court shall not, within 21 days after the filing of the petition, grant relief regarding a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or

part of a claim that arose before the filing of the petition. As detailed above and as set forth in the Fischer Declaration, the Debtor submits that such relief is necessary to avoid immediate and irreparable harm to the Debtor and its estate and, accordingly, submit that Bankruptcy Rule 6003 is satisfied.

Waiver of Bankruptcy Rules 6004(a) and (h)

104. Unless the Court orders otherwise, Bankruptcy Rule 6004(a) requires the Debtor provide 21 days notice to all creditors and certain other parties in interest of the use of property outside the ordinary course of business. Moreover, unless the Court orders otherwise, Bankruptcy Rule 6004(h) automatically stays for 14 days any order granting such relief. As described above and in the Fischer Declaration, the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtor that would otherwise be caused by a delay in the relief requested herein. Therefore, to the extent applicable, the Debtor requests the Court waive (i) the notice requirements under Bankruptcy Rule 6004(a) and (ii) the stay of the order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

The Relief Requested is Appropriate

105. The requested relief is further supported by the prepackaged nature of this case. As set forth above and in greater detail in the Fischer Declaration, the Prepackaged Plan contemplates the payment of all classes in full, in cash, or reinstates the claims and equity interest of all classes. The most critical and complex task required to effectuate a successful reorganization—the negotiation and formulation of a chapter 11 plan of reorganization—has already been accomplished. Thus, the Debtor respectfully submits that given the backdrop of this case, the relief requested herein is appropriate inasmuch as such relief will assist the Debtor to move towards expeditious confirmation of the Prepackaged Plan with the least possible disruption or harm to its business. Based on the foregoing, the Debtor submits that the relief

requested is necessary and appropriate, is in the best interests of its estate and creditors, and should be granted in all respects.

Notice

106. No trustee, examiner or statutory creditors' committee has been appointed in this chapter 11 case. Notice of this Motion has been provided to: (i) the Office of the United States Trustee for the Northern District of Texas; (ii) the Debtor's thirty largest unsecured creditors; (iii) counsel to the Purchaser; (iv) counsel to Major League Baseball, (v) counsel to the Major League Baseball Players Association (vi) counsel to JPMorgan Chase Bank, N.A., as administrative agent under the First Lien Credit Facility, (vii) counsel to GSP Finance LLC, as successor in interest to Barclays Bank PLC, as administrative agent under the Second Lien Credit Facility, and (viii) the Banks. The Debtor respectfully submits that no further notice of this Motion is required.

No Previous Request

107. No previous request for the relief sought herein has been made by the Debtor to this or any other Court.

WHEREFORE, the Debtor respectfully requests that the Court grant the relief requested herein and such other and further relief as the Court may deem just and proper.

Dated: May 24, 2010
Fort Worth, Texas

/s/ Martin A. Sosland

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

In re	:	**Chapter 11**
TEXAS RANGERS BASEBALL PARTNERS	:	**Case No. 10-43400 (DML)-11**
Debtor.	:	

INTERIM ORDER PURSUANT TO SECTIONS 105(a), 363(b), AND 507(a) OF THE BANKRUPTCY CODE FOR AUTHORIZATION (I) TO PAY CERTAIN EMPLOYEE COMPENSATION AND BENEFITS AND (II) TO MAINTAIN AND CONTINUE SUCH BENEFITS AND OTHER EMPLOYEE-RELATED PROGRAMS AND SETTING FINAL HEARING

Upon the motion (the "Motion"), dated May 24, 2010, of Texas Rangers Baseball Partners, as debtor and debtor in possession in the above-captioned chapter 11 case (the "Debtor"), pursuant to sections 105(a), 363(b), and 507(a) of the Bankruptcy Code,[1] for entry of

[1] Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Motion.

an interim order (the "Interim Order") and a final order authorizing the Debtor (i) to pay wages, salaries, and certain other compensation (collectively, the "Compensation Obligations") and certain employee benefits, which include, among other things, PTO Plans, Health and Welfare Programs, the 401(k) Plan, Severance Programs, Discount Programs, Player Health and Welfare Plans and the Player 401(k) Plan (each as defined below and collectively, the "Employee Benefit**s**" and together with the Compensation Obligations, the "Employee Obligations") and (ii) to continue to honor certain Employee Benefits, all as more fully described in the Motion; and upon consideration of the Declaration of Kellie L. Fischer in Support of the Debtor's Chapter 11 Petition and Requests for First Day Relief (the "Fischer Declaration"); and the Court having considered the Motion at an interim hearing on _____, 2010 (the "Interim Hearing"); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and due and proper notice of the Interim Hearing to consider the relief requested therein having been provided to: (i) the Office of the United States Trustee for the Northern District of Texas; (ii) the Debtor's thirty largest unsecured creditors; (iii) counsel to the Purchaser; (iv) counsel to Major League Baseball; (v) counsel to the Major League Baseball Players Association; (vi) counsel to JPMorgan Chase Bank, N.A., as administrative agent under the First Lien Credit Facility; (vii) counsel to GSP Finance LLC, as successor in interest to Barclays Bank PLC, as administrative agent under the Second Lien Credit Facility, and (viii) the Banks (collectively, the "Notice Parties"), and no further notice being necessary; and the legal and factual bases set forth in the Motion establishing just and sufficient cause to grant the relief requested therein; and the relief granted herein being in the

best interests of the Debtor, its estate, creditors, and all parties in interest; and the relief granted herein being necessary to avoid immediate and irreparable harm; and the Court having held the Interim Hearing with the appearances of interested parties noted in the record of the Interim Hearing; and upon the entire record and all of the proceedings before the Court, the Court hereby ORDERS that:

1. The Motion is granted to the extent set forth herein on an interim basis.

2. Pursuant to this Interim Order, the Debtor is authorized, but not required, to pay all amounts due for to satisfy the Employee Obligations incurred by the Debtor prior to the Commencement Date that become due and payable by the Debtor prior to entry of a final order on the Motion (the "Interim Period").

3. The Debtor is authorized (a) to allow employees to use, in the ordinary course of business, vacation days accrued prior to the Commencement Date and (b) upon an employee's termination or a Pay-Out Request, to pay such employee the amount of any unused prepetition vacation days.

4. The Debtor is authorized on an interim basis, but not required, to pay costs and expenses incidental to the payment of the Employee Obligations on an interim basis, including all administration and processing costs and payments to outside professionals or independent contractors, in the ordinary course of business, in order to facilitate the administration and maintenance of the Debtor's programs and policies related to the Employee Obligations.

5. Each Bank is authorized and directed to review, process, honor, and pay any and all checks drawn or electronic funds transferred whether such checks were presented prior to or after the Commencement Date.

6. The Debtor is authorized to issue postpetition checks or to effect new electronic fund transfers as relating to Employee Obligations to replace any prepetition checks or electronic fund transfer requests that may be dishonored or rejected as a consequence of the commencement of the Debtor's Chapter 11 Case.

7. The Banks may rely on this Order and shall not be required to determine whether any check or other transfer drawn or issued by the Debtor was drawn or issued prior to after the Commencement Date and shall have no liability to any party for relying on this Order.

8. Any objections to the Motion ("Objections") on a final basis shall be in writing, filed with the Clerk of the United States Bankruptcy for the Northern District of Texas, Fort Worth Division together with proof of service thereof, set forth the name of the objector, the nature and amount of any claim or interest asserted by the objector against the estate or property of the Debtor, and state the legal and factual basis for such Objection. Any such Objections should be served upon the following parties so as to be received no later than _____ _.m. (Central Time) on _____, 2010 at __:__ _.m. (the "Objection Deadline"): (i) counsel to the Debtor, Weil, Gotshal & Manges LLP, 200 Crescent Court, Suite 300, Dallas, Texas 75201, Attn: Martin A. Sosland, Esq. and Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Ronit J. Berkovich, Esq.; (ii) counsel to the Purchaser, Foley & Lardner LLP, 777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202, Attn: Mary K. Braza, Esq. and Kevin R. Schulz, Esq. and Foley & Lardner LLP, 321 North Clark Street, Suite 2800, Chicago, Illinois 60610, Attn: Michael J. Small, Esq.; (iii) counsel to the Purchaser, Barlow Garsek & Simon, LLP, 3815 Lisbon Street, Fort Worth, Texas 76107, Attn: Robert A. Simon, Esq.; (iv) counsel to the Purchaser, Sherrard, German & Kelly, P.C., 28th Floor, Two PNC Plaza, 620 Liberty Avenue, Pittsburgh, Pennsylvania 15222, Attn: David J. Lowe, Esq.; (v) counsel to the

Committee, if one shall have been appointed; (vi) the U.S. Trustee, 1000 Commerce Street, Room 976, Dallas, Texas 75242, Attn: Lisa L. Lambert, Esq.; (vii) counsel to JPMorgan Chase Bank, N.A., Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022, Attn: Ronan Wicks, Esq. and David Teh, Esq.; (viii) counsel to GSP Finance LLC, Clifford Chance US LLP, 31 West 52nd Street, New York, New York 10019, Attn: Jason P. Young, Esq.; (ix) counsel to MLB, Paul Weiss Rifkind Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10019, Attn: Stephen J. Shimshak, Esq., Jordan E. Yarett, Esq. and Philip A. Weintraub, Esq.; and (x) the Office of the Commissioner of Baseball, 245 Park Avenue, New York, New York 10167, Attn: Thomas J. Ostertag, Esq.

9. If an Objection to the Motion is not received by the Objection Deadline, the relief requested shall be deemed unopposed, and the Court may enter a final order approving the Motion without a hearing.

10. If an Objection to the Motion is received by the Objection Deadline, a hearing will be held on _____ __, 2010 at __.m. to consider the relief requested herein on a final basis (the "Final Hearing") and, following the conclusion of the Final Hearing, the relief granted herein shall remain in effect with respect to the Interim Period.

11. Rule 6003 of the Federal Rules of Bankruptcy Procedure has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtor.

12. Rules 6004(a) and (h) of the Federal Rules of Bankruptcy Procedure has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtor.

13. The Debtor shall serve this Interim Order within three business days of its entry on the parties in interest identified in Local Rule 2002.1, including the Notice Parties.

14. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Interim Order.

15. The terms and conditions of this Interim Order shall be immediately effective and enforceable upon its entry.

###END OF ORDER###

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

In re	:	**Chapter 11**
TEXAS RANGERS BASEBALL PARTNERS	:	**Case No. 10-43400 (DML)-11**
Debtor.	:	

FINAL ORDER PURSUANT TO PURSUANT TO SECTIONS 105(a), 363(b), AND 507(a) OF THE BANKRUPTCY CODE FOR AUTHORIZATION (I) TO PAY CERTAIN EMPLOYEE COMPENSATION AND BENEFITS AND (II) TO MAINTAIN AND CONTINUE SUCH BENEFITS AND OTHER EMPLOYEE-RELATED PROGRAMS AND SETTING FINAL HEARING

Upon the motion (the "Motion"), dated May 24, 2010, of Texas Rangers Baseball Partners, as debtor and debtor in possession in the above-captioned chapter 11 case (the "Debtor"), pursuant to sections 105(a), 363(b), and 507(a) of the Bankruptcy Code,[1] for entry of

[1] Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Motion.

an interim order and a final order (the "Final Order") authorizing the Debtor (i) to pay wages, salaries, and certain other compensation (collectively, the "Compensation Obligations") and certain employee benefits, which include, among other things, PTO Plans, Health and Welfare Programs, the 401(k) Plan, Severance Programs, Discount Programs, Player Health and Welfare Plans and the Player 401(k) Plan (each as defined below and collectively, the "Employee Benefit**s**" and together with the Compensation Obligations, the "Employee Obligations") and (ii) to continue to honor certain Employee Benefits, all as more fully described in the Motion; and upon consideration of the Declaration of Kellie L. Fischer in Support of the Debtor's Chapter 11 Petition and Requests for First Day Relief (the "Fischer Declaration"); and the Court having considered the Motion at an interim hearing on _____, 2010, and having entered an order granting interim relief required in the Motion (the "Interim Order") and scheduled a final hearing on the Motion, and the Court having conducted the final hearing on _____, 2010 (the "Final Hearing"); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and due and proper notice of the Final Hearing to consider the relief requested therein having been provided to: (i) the Office of the United States Trustee for the Northern District of Texas; (ii) the Debtor's thirty largest unsecured creditors; (iii) counsel to the Purchaser; (iv) counsel to Major League Baseball; (v) counsel to the Major League Baseball Players Association; (vi) counsel to JPMorgan Chase Bank, N.A., as administrative agent under the First Lien Credit Facility; (vii) counsel to GSP Finance LLC, as successor in interest to Barclays Bank PLC, as administrative agent under the Second Lien Credit Facility; and (viii) the Banks (collectively, the

"Notice Parties"), and no further notice being necessary; and the legal and factual bases set forth in the Motion establishing just and sufficient cause to grant the relief requested therein; and the relief granted herein being in the best interests of the Debtor, its estate, creditors, and all parties in interest; and the relief granted herein being necessary to avoid immediate and irreparable harm; and the Court having held the Final Hearing with the appearances of interested parties noted in the record of the Final Hearing; and upon the entire record and all of the proceedings before the Court, the Court hereby ORDERS that:

1. The Motion is granted to the extent set forth herein on a final basis.

2. In addition to the relief granted in the Interim Order, the Debtor is authorized, but not required, to continue to pay all amounts due to satisfy the Employee Obligations incurred by the Debtor prior to the Commencement Date in accordance with the terms and conditions of the Motion.

3. The Debtor is authorized (a) to allow employees to use, in the ordinary course of business, vacation days accrued prior to the Commencement Date and (b) upon an employee's termination or a Pay-Out Request, to pay such employee the amount of any unused prepetition vacation days.

4. The Debtor is authorized, but not required, to pay costs and expenses incidental to the payment of the Employee Obligations, including all administration and processing costs and payments to outside professionals or independent contractors, in the ordinary course of business, in order to facilitate the administration and maintenance of the Debtor's programs and policies related to the Employee Obligations.

5. Each Bank is authorized and directed to review, process, honor, and pay any and all checks drawn or electronic funds transferred from any other accounts of the Debtor to

the extent the Debtor identifies such checks or electronic transfers as relating directly to the authorized payment of Employee Obligations.

6. The Debtor is authorized to issue postpetition checks or to effect new electronic fund transfers as relating to Employee Obligations to replace any prepetition checks or electronic fund transfer requests that may be dishonored or rejected as a consequence of the commencement of the Debtor's Chapter 11 Case.

7. The Banks may rely on this Order and shall not be required to determine whether any check or other transfer drawn or issued by the Debtor was drawn or issued prior to after the Commencement Date and shall have no liability to any party for relying on this Order.

8. Rule 6003 of the Federal Rules of Bankruptcy Procedure has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtor.

9. Rules 6004(a) and (h) of the Federal Rules of Bankruptcy Procedure has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtor.

10. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Final Order.

11. The terms and conditions of this Final Order shall be immediately effective and enforceable upon its entry.

###END OF ORDER###