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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF ARIZONA**

| | | |
|---|---|--|
| In Re: |) | Chapter: 11 |
| |) | |
| DEWEY RANCH HOCKEY, LLC, |) | |
| |) | |
| COYOTES HOLDINGS, LLC, |) | Case No. 2:09-BK-09488-RTBP |
| |) | |
| COYOTES HOCKEY, LLC, |) | |
| |) | |
| ARENA MANAGEMENT GROUP, LLC, |) | PSE SPORTS & ENTERTAINMENT LP'S NOTICE OF AMENDED ASSET PURCHASE AGREEMENT AND BID WITH OFFER TO PURCHASE GLENDALE CLAIM |
| Debtors, |) | |
| <hr/> | | |
| This Filing Applies to: |) | |
| |) | |
| <input checked="" type="checkbox"/> All Debtors |) | |
| <input type="checkbox"/> Specified Debtors |) | |
| |) | Hearing Date: September 10, 2009 |
| |) | Hearing Time: 9:00 a.m. |
| |) | |
| |) | |

PSE Sports and Entertainment, LP ("PSE") files this Notice of Filing an Amended Asset Purchase Agreement ("APA"), showing revisions to its bid to address the Sale Order deadline issue raised by the Court and other modifications it is prepared to make to address concerns raised by the Unsecured Creditors Committee. This amended APA also includes an open offer to acquire the claims of the City of Glendale, to address its

1 concerns and mitigate its losses in connection with the relocation of the Coyotes hockey
2 team.

3 The Amended APA is attached as Exhibit 1, and a redline with the changed pages is
4 Exhibit 2. The changes from the prior version filed with the Court on July 31, 2009 [DE
5 538 Ex. B] and on August 25, 2009 with updated Schedules only [DE 750] are as follows:

- 6 • The Court has expressed concerns about time to rule on the issues heard on
7 September 10-11, 2009, and its need for more than a weekend to render its
8 decision. The amendment provides for an extended deadline for entry of a Sale
9 Approval Order to September 21, 2009. The 10-day period for the NHL to try and
10 obtain a stay pending appeal would expire on Thursday, October 1, 2009, and PSE
11 could close on October 2, 2009.
- 12 • The Amended APA addresses concerns raised by the Unsecured Creditors
13 Committee about the impact on the creditors from a possible delayed closing due to
14 an NHL stay pending appeal. If a decision approving the sale to PSE is stayed, PSE
15 will set aside \$25 million in an interest-bearing account, so that the unsecured
16 creditors will recover the time-value of money when the Court's decision is upheld.
17 Further, PSE has agreed to protect the unsecured creditors by indemnifying up to
18 \$10 million of their damages (but not more than 100% of the non-subordinated
19 unsecured claims) in the event of a reversal on appeal.
- 20 • The APA as amended includes an open offer to the City of Glendale to
21 acquire its Claims in the bankruptcy cases. PSE cannot force Glendale to sell its
22 Claims, of course, but is willing to buy them for \$50 million, which is substantially
23 more than Glendale would recover in the bankruptcy cases, and not thereafter seek
24 any distributions from the bankruptcy estates on account of such claims. If
25 Glendale is willing to sell its claims, PSE's cash purchase price for the Coyotes
26 would be reduced by \$20 million, and that \$20 million plus and an additional \$30
27 million more from PSE will be paid by PSE to the City of Glendale to acquire its
28

1 claim and waive it against the bankruptcy estate, resulting in a net benefit to the
2 estate and its creditors of a \$30 million increase.

3 Glendale's rejection damages claim will amount to some \$5-7 million,
4 according to the Debtors. Glendale's actual uncapped damages are believed to be
5 considerably less than stated in Court, since its arguments have been based on
6 projections of a 30-year stream of revenue that were estimated when the
7 Jobing.com Arena was constructed, and in fact, revenue attributable to the Coyotes
8 has only been about half of the projected number. However, PSE's offer
9 acknowledges the City's significant damages, and provides a much greater recovery
10 than the City would receive under the NHL's bid when the Arena lease is rejected
11 at the end of the season, as is likely. PSE's offer to acquire the Glendale claim
12 takes into account the risk of a high relocation fee determination by the Court.
13 Even if the Relocation Fee exceeds \$15 million, as long as it is acceptable to PSE,
14 the amount paid to Glendale would be reduced by no more than \$10 million,
15 assuring Glendale of getting at least \$40 million. The open offer contemplates that
16 the Jobing.com arena may need to be used briefly while relocation is implemented,
17 and that the \$50 million payment would cover rent, ushers, custodians, and other
18 payments for arena use, while PSE would pay the post-closing operating expenses
19 of the team, such as player salaries. The effective date of arena lease rejection
20 would take place after the relocation.

21 • Finally, PSE attaches as Exhibit 3 an updated list of players on the Schedules
22 to reflect changes noted by counsel for their union. PSE confirms that the list as of
23 the Closing Date will be updated again, with current information on their
24 compensation.

1 RESPECTFULLY SUBMITTED this 7th day of September, 2009.

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6 and

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