

# **EXHIBIT 2**

**ASSET PURCHASE AGREEMENT**

**dated as of May 5, 2009**

**amended as of July 31, August 24 and September 7, 2009**

**between**

**COYOTES HOCKEY, LLC**

**("Seller"),**

**and**

**PSE SPORTS & ENTERTAINMENT LP, a Delaware limited partnership**

**("Buyer")**

## ASSET PURCHASE AGREEMENT

**THIS ASSET PURCHASE AGREEMENT (“Agreement”)** is made as of May 5, 2009, and amended as of July ~~–31~~, August 24 and September 7, 2009, by and between Coyotes Hockey, LLC, a Delaware limited liability company (“**Seller**”), on its behalf and on behalf of its bankruptcy estate, and PSE Sports & Entertainment LP, a Delaware limited partnership (“**Buyer**”) (collectively, the “**Parties**” and individually, a “**Party**”).

### R E C I T A L S:

A. Seller is a member of the National Hockey League (“**NHL**”) and the owner of the Phoenix Coyotes hockey team (as defined more fully below, the “**Team**”).

B. Seller wishes to sell to Buyer and Buyer wishes to purchase from Seller the Acquired Assets (as defined below) on the terms and conditions specified in detail below.

C. Pursuant to the Sale Procedures Order (as defined below), Seller shall seek the entry of a Sale Approval Order (as defined below) by the Bankruptcy Court and, if applicable under Section 6.3, an order of the CCAA Court, authorizing and approving this Agreement and its consummation.

D. Pursuant to the Sale Procedures Order, this Agreement constitutes an irrevocable offer to acquire the Business (as defined below), which offer shall remain open until the earlier of the execution of this Agreement by Seller and five (5) days following the Relocation Sale Hearing (as defined in the Sale Procedures Order).

### A G R E E M E N T:

NOW, THEREFORE, in consideration of the mutual covenants and promises of the Parties set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

### ARTICLE I

#### DEFINITIONS

1.1 Certain Definitions. As used in this Agreement the following terms shall have the following meanings:

“**Accountant’s Report**” is defined in Section 3.5.

“**Accounting Firm**” is defined in Section 3.5.

“**Acquired Assets**” is defined in Section 2.2(a).

“**Acquired Contracts**” is defined in Section 2.2(a)(vii).

“**Acquired Intellectual Property**” is defined in Section 2.2(a)(iv).

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(iii) any Liability of the Seller arising out of, resulting from or related to this Agreement or the transactions contemplated hereby;

(iv) except for the Assumed Player Contracts, all amounts of deferred compensation payable to players and former players on the Team attributable to services rendered by such players for employment services rendered during the 2008-2009 NHL season and prior NHL seasons and payable on or after the Closing Date including those set forth on the schedule attached hereto as Schedule 4.8 (which shall be paid by Seller from the sale proceeds as Cure Amounts), any Liability as to any employee or former employee of the Seller with respect to any matter arising out of or relating to that employee's or former employee's employment by the Seller, including, without limitation, unpaid compensation, vacation pay, pension, severance, retirement, employee welfare, healthcare, or other benefits, or claims arising under any Law designed to protect employees, including equal employment laws, unemployment taxes, wrongful discharge laws, and laws relating to health insurance coverage;

(v) any Liability for Taxes, including any Taxes arising as a result of Seller's operations of the Business prior to the Closing Date, any Taxes that arise as a result of the sale of the Acquired Assets, and any deferred Taxes of any nature (collectively, the "**Excluded Taxes**");

(vi) any Liability arising out of violations of any Environmental Laws occurring or existing before the Closing Date or arising out of any events, actions or omissions occurring or existing before the Closing Date;

(vii) any contributions to, or any Liability in connection with, any Employee Benefit Plan and any continuation coverage (including any penalties, excise taxes, or interest resulting from the failure to provide continuation coverage) required by Section 4980B of the Revenue Code due to qualifying events as defined therein, occurring on or before the Closing Date;

(viii) any Liability arising out of or relating to any products or services of the Seller, to the extent manufactured, sold or performed before the Closing Date, including, without limitation, liability for personal injury, death or property damage in connection with such claims;

(ix) any Liability that is not related to, or was not incurred in connection with, the Business; or

(x) legal, background investigation, investigation and accounting fees and other costs and expenses incurred by the NHL with respect to or in any way connected with the Bankruptcy Case or the Transaction contemplated by this Agreement.

### ARTICLE III

#### PURCHASE PRICE AND ESCROW AND ADDITIONAL PAYMENTS

3.1 Purchase Price. The purchase price for the Assets to be sold to Buyer pursuant to Article II (the “**Purchase Price**”) is \$212,500,000.00 (subject to the adjustment in 3.1(b) and contingency in 3.1(c)) consisting of:

(a) \$10,000,000.00 cash Escrow Deposit; and

(b) \$202,500,000.00 additional cash payment at the Closing, reduced by the amount, if any, by which the NHL Accounts are offset or otherwise not collectible up to a maximum reduction of \$25,000,000.00 (the “**NHL Accounts Shortfall**”);

(c) Provided that the Purchase Price shall be reduced to \$192,500,000.00 and the additional cash payment at the Closing shall be reduced to \$182,500,000 (as adjusted for the NHL Accounts Shortfall) if the City of Glendale agrees to sell its Claim as provided in section 3.7.

3.2 Escrow Deposit and Escrow. Buyer has transferred \$10,000,000.00 (“**Escrow Deposit**”) into an interest-bearing escrow account at U.S. Bank, National Association (“**Escrow Agent**”) located in the State of Arizona, pursuant to an escrow agreement, as amended and attached hereto as Exhibit A.

3.3 Delivery of Transaction Documents. If Buyer is determined to be the successful bidder at the Auction, then within five (5) Business Days after entry of the Sale Approval Order by the Bankruptcy Court as provided in Section 6.2(b), and upon satisfaction or waiver of all Conditions Precedent in Article VII, Buyer and Seller shall deliver to Escrow Agent all Transaction Documents required by this Agreement for Closing.

3.4 Payment of Purchase Price. No later than five (5) Business Days after all of the Conditions Precedent are met, Buyer shall wire transfer to the Escrow Agent the balance of the Purchase Price, to be held in Escrow pending the Closing.

3.5 Allocation of Purchase Price. Buyer and Seller agree that the Purchase Price and any other consideration, such as the Liabilities assumed under Section 2.4, shall be allocated 85% to the Assumed Player Contracts and 15% to all other Acquired Assets, provided, however, that the aggregate amount attributable to tangible personal property and Intellectual Property shall not exceed .01% of the Purchase Price (the “.01% Cap”). Buyer and Seller shall endeavor to agree upon the further allocation of such 15% among such other Acquired Assets subject to the .01% Cap (the “**Allocation**”), upon reaching such agreement, shall execute a written acknowledgement of such Allocation pursuant to Section 1060 of the Revenue Code. The Allocation shall be prepared jointly by the parties within ninety (90) days following the Closing Date. Notwithstanding the foregoing, agreement on the Allocation is not a condition precedent to Closing, and if Seller and Buyer are not able to agree upon the Allocation, each Party may allocate the 15% of the Purchase Price attributable to Acquired Assets other than the Assumed Player Contracts for its own purposes in its sole discretion, subject to the .01% Cap. However, in the event that the Revenue Code requires the Parties to agree on an Allocation, and such agreement has not been reached within the ninety (90) day period, the issues of disagreement shall be submitted to the Buyer’s national independent public accounting firm (“**Accounting Firm**”) for determination. The Accounting Firm shall

be directed to deliver its written report resolving all disputed matters and setting forth the Accounting Firm's determination of the Allocation (the "Accountant's Report") no later than thirty (30) days from its engagement, and the determinations in Accountant's Report shall be deemed to amend or supersede the Allocation with respect to all matters addressed therein. The fees of the Accounting Firm shall be borne by the Seller. The Parties will prepare and file all Tax Returns and reports with respect to Taxes in a manner consistent with the Allocation as amended or superseded by the determinations in the Accountant's Report.

3.6 Escrow Completion.

(a) If all Conditions Precedent in Article VII have been met or waived, the Parties shall execute and deliver to Escrow Agent mutual written instructions directing Escrow Agent to (i) deliver to Buyer the executed Seller Deliverables and other Transaction Documents required to be delivered by Seller to Buyer hereunder, (ii) deliver to Buyer the Books and Records, subject to Buyer providing access and/or copies of such Books and Records on reasonable notice to Seller as may be needed by Seller in the Bankruptcy Case or for the purpose of filing final tax returns, and (iii) disburse the Purchase Price to Seller under Section 3.1 of this Agreement or as otherwise may be required by the Bankruptcy Court.

(b) In the event of Termination of this Agreement in accordance with Section 8.1, the Parties shall execute and deliver to Escrow Agent mutual written instructions directing Escrow Agent to disburse the Escrow Deposit in accordance with Section 8.2 of this Agreement and to return the Transaction Documents to the Party that delivered the same to Escrow Agent.

3.7 Payment to City of Glendale. Buyer has offered, and remains willing, to buy or arrange for a related entity to buy the Claims of the City of Glendale ("Glendale") for \$50 million on the following terms:

(a) Buyer or a related entity will buy Glendale's claim for \$50 million in full satisfaction of any Claims the City of Glendale may have arising out of or in connection with the Bankruptcy Case of Seller and jointly administered bankruptcy cases of Seller's Affiliates, including with respect to the Business and the Arena Assets on the terms set forth herein. The \$50 million will be paid within five Business Days after all of the following events occur: (1) Glendale accepts this offer to buy its Claims no later than September 30, 2009, and complies with the terms herein, (2) the Closing takes place, and (3) the Team moves to Hamilton Ontario and vacates the Arena Assets.

(b) Glendale and the Debtors shall allow Buyer to use the Arena Assets after Closing in accordance with past practices until the Team can be moved, which Buyer commits to undertake as soon as logistically feasible. Debtors' rejection of the Jobing.com Arena lease shall not be effective until the Team moves to Hamilton. The payment to Glendale for its Claims shall be deemed to include any and all rent, city taxes, fees and other charges of any nature for use of the Arena Assets during this brief period of use, and Glendale will not be entitled to payment from the Seller or its Affiliate debtors for such use. Glendale and Seller shall coordinate and be responsible

for managing and operating the Arena Assets (including game day arena costs, such as game staff - ushers, ticket takers, timekeepers, cleaners etc in the Jobing.com arena for any games played there prior to the relocation at no additional charge to the Seller or its Affiliate debtors).

(c) If the Relocation Fee (as defined in section 7.1(g)) payable to the NHL is more than \$15 million and Buyer is willing to pay it, Buyer will reduce the \$50 million purchase price for the Glendale Claims dollar for dollar for amounts exceeding \$15 million up to a maximum reduction of \$10 million (resulting in at least \$40 million to Glendale).

(d) Buyer and Glendale will enter into a written agreement reflecting the above and/or such other terms as may be agreed between Buyer and Glendale, to be approved by requisite Glendale authorities prior to September 30, 2009, or such other later date as is acceptable to Buyer.

(e) If Buyer or Buyer's Affiliate purchases Glendale's Claims, the acquiring entity waives the right to share in any distribution to creditors on account of such Claims.

3.8 Protection of Unsecured Creditors. If the Court enters the Sale Order and an appeal is filed and an order staying the Sale Order pending appeal is entered,

(a) Buyer will fund \$25 million into an interest-bearing account for the Seller, and pay to the Seller all accrued interest upon Closing, to enable Seller to distribute to unsubordinated unsecured creditors interest on their Claims that accrues during the appeal period under the Seller's reorganization plan.

(b) Buyer will indemnify Seller for the account of unsubordinated unsecured creditors up to \$10 million of their damages after sale of the Acquired Assets to a third party (but not more than 100% of the aggregate amount of unsubordinated Allowed Unsecured Claims) in the event of the Sale Order is reversed on appeal and the Closing does not occur.

(c) The provisions of this section 3.8 may be modified by mutual agreement of Buyer, Seller and the Unsecured Creditors Committee.

## ARTICLE IV

### REPRESENTATIONS AND WARRANTIES OF SELLER

As of the date of this Agreement and as of the Closing Date, the Seller represents and warrants to the Buyer as follows:

4.1 Seller's and NSC's Organization. Seller is a limited liability company duly organized, validly existing, and in good standing under the laws of Delaware, and has full



(except routine claims for benefits payable) or proceedings against or involving any Player Plan sponsored by Seller, and all contributions to and payment from such Player Plan required by law or by the NHL Collective Bargaining Agreement to be made has been timely made. Each Player Plan has been the subject of an unrevoked determination letter or opinion letter from the Internal Revenue Service that such plan and related trust is qualified and exempt from federal income taxes, and to Seller's Knowledge, no circumstances exist that would adversely affect the tax-qualification of such Player Plan.

4.17 Disclosure. The Transaction Documents do not contain any untrue statement of material fact and do not omit any material fact necessary to make statements contained therein not misleading. To Seller's Knowledge, there are no facts relating to the Business that have not been disclosed to the Buyer, unless those facts would not reasonably be likely to result in a Material Adverse Change.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES OF BUYER.

As of the date of this Agreement and as of the Closing Date, the Buyer represents and warrants to the Seller as follows:

5.1 Buyer's Compliance with Sale Procedures Order. The Buyer has submitted to the NHL its NHL Transfer Application and, with Seller, an NHL Relocation Application, and the Buyer and Buyer's Sponsors have cooperated with the review process of the NHL, including responding as promptly as possible and in good faith to each supplemental inquiry of the NHL with respect to such applications, copies of which have been filed with the Bankruptcy Court under seal at Dockets 189, 228, 236, 237, 309, 442 and 480, 495, 593, 752.

5.2 Buyer's Organization. The Buyer is a limited partnership duly organized, validly existing, and in good standing under the laws of Delaware, and has full corporate power and authority to enter into this Agreement and consummate the Transaction contemplated hereby, subject only to Bankruptcy Court approval, which written evidence of authority has been delivered to the NHL and filed with the Bankruptcy Court under seal in its NHL Transfer Application filings.

5.3 Authority and Enforceability. The execution and delivery of this Agreement, and the consummation and performance by the Buyer and Buyer's Sponsors of the transactions contemplated herein, have all been or will be duly authorized by all necessary corporate action, including communication which has been delivered to the NHL and filed with the Bankruptcy Court under seal with the NHL Transfer Application filings. No other proceedings on the part of the Buyer are necessary with respect thereto, and upon Bankruptcy Court approval of this Agreement and execution by the Seller, this Agreement shall constitute a valid and binding agreement of the Buyer enforceable against it in accordance with its terms except as enforceability is limited by (a) any applicable bankruptcy, insolvency, reorganization, moratorium, or similar law affecting creditors' rights generally, or (b) general principles of equity, whether considered in a proceeding in equity or at law.

any action by a Governmental Body as provided in Section 7.1(h) and (i), and Buyer has accepted and paid any Relocation Fee pursuant to Section 7.1(g).

## ARTICLE VIII

### TERMINATION PRIOR TO CLOSING

8.1 Termination Events. By notice given prior to or at the Closing, subject to Section 8.2, this Agreement may be terminated as follows:

(a) Seller Breach. By Buyer, if a Breach of any provision of this Agreement has been committed by Seller and such Breach has (i) not been waived by Buyer or (ii) not been cured within five (5) Business Days after Buyer has notified Seller of its intent to terminate this Agreement pursuant to this Section 8.1(a);

(b) Buyer Breach. By Seller, if a Breach of any provision of this Agreement has been committed by Buyer and such Breach has (i) not been waived by Seller or (ii) not been cured within five (5) Business Days after Seller has notified Buyer of its intent to terminate this Agreement pursuant to this Section 8.1(b);

(c) Failure to Meet Conditions Precedent on or Before September 214, 2009. By Buyer, if the conditions precedent described in Section 7.1, including 7.1(b) of this Agreement relating to the Sale Approval Order of the Bankruptcy Court, and 7.1(g) regarding the Relocation Fee and 7.1(l) regarding the NHL Consent Documents have not been satisfied on or before the close of business, Phoenix, Arizona time, on September 214, 2009.

8.2 Effect of Termination. If this Agreement is terminated pursuant to Section 8.1 or any other provision of this Agreement permitting termination, all obligations of the Parties under this Agreement will terminate, except that this Section 8.2 and Article IX, will survive; provided, however,

(a) if this Agreement is terminated by Buyer pursuant to Section 8.1(a) or Section 8.1(c), (i) Buyer's Escrow Deposit and all accrued interest thereon will be refunded to Buyer, less applicable Escrow Agent fees, and (ii) Buyer's rights to pursue all legal remedies for any Breach of this Agreement by Seller shall survive such termination;

(b) if this Agreement is terminated other than by Buyer pursuant to Section 8.1(a) or Section 8.1(c), (i) Buyer's Escrow Deposit and all accrued interest thereon will be disbursed to Seller, less applicable Escrow Agent fees, and (ii) Seller's rights to pursue all legal remedies against Buyer for any Breach of this Agreement by Buyer shall survive such termination, except that any damages resulting from such Breach shall be offset by the amount of the Escrow Deposit disbursed to Seller, and the amount by which Seller has mitigated its damages, including by selling the Acquired Assets to other parties, which Seller shall be obligated to undertake in good faith.

**BUYER:**

PSE SPORTS & ENTERTAINMENT LP, a Delaware limited partnership  
By: PSE SPORTS & ENTERTAINMENT GP, INC.  
Its: General Partner

By: \_\_\_\_\_  
Name: A. Richard Rodier  
Title: Vice President

**GUARANTY**

The undersigned, James Balsillie (“Guarantor”), hereby guarantees to Seller that upon entry of the Sale Approval Order as provided in Section 6.2(b) and satisfaction of all Conditions Precedent in the Asset Purchase Agreement, Guarantor will cause the Buyer to transfer the Purchase Price, less any Escrow Deposit already paid, into the Escrow Account holding the Escrow Deposit.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty on the \_\_ day of ~~July~~September, 2009.

\_\_\_\_\_  
James Balsillie