

AGREEMENT TO AMEND
USE AGREEMENT AND
SETTLE CLAIMS

THIS AGREEMENT, made and entered into as of this _____ day of September, 1985, by and between King County, Washington (the "County"), Seattle Mariners, a limited partnership and successor to the Seattle Baseball Club (the "Club"), and George L. Argyros ("Argyros");

R E C I T A L S

WHEREAS, the parties hereto desire to amend in part the Agreement, dated March 2, 1976, entered into between the County and the Club (the "Use Agreement"), as previously amended effective January 6, 1982 by those certain agreements entitled (1) "1982 Amendments to 1976 Use Agreement Between King County, Washington and Seattle Baseball Club," executed in June 1983 on behalf of the Club by George L. Argyros and on behalf of King County by King County Executive Randy Revelle, and (2) Settlement Agreement between the parties dated January 6, 1982 (collectively "the 1982 Amendments");

WHEREAS, the parties also desire to settle certain disputes that have arisen between them, including the pending lawsuit entitled Seattle Mariners v. King County, (Kittitas County No. 84-2-00154-5);

WHEREAS, the King County Council through enactment on _____, 1985 of Ordinance No. _____ has authorized the King

County Executive to execute the amendments to the Use Agreement contained in this Agreement;

WHEREAS, while the "effective date of this Agreement" is the date first above written, the parties nevertheless intend this Agreement to be effective for certain purposes retroactively to April 1, 1985, and that this Agreement, the 1982 Amendments, and the Use Agreement be read as a single integrated document, and any reference herein to the "Use Agreement" refers to the Use Agreement, as amended, including the amendments herein; and

WHEREAS, Argyros is a party to this Agreement solely for the purpose of making the covenant to contribute additional capital required by Paragraph 1 of this Agreement, to the extent that Paragraph 1 adds new Section 18.1 to the Use Agreement, and for no other purpose;

NOW, THEREFORE, for and in consideration of the mutual agreements contained herein, the parties do hereby mutually agree as follows:

1. Additional Capital and County's Profit Sharing Interest.

The Use Agreement is hereby amended by adding new Article Eighteen to read in its entirety as follows:

ARTICLE EIGHTEEN

ADDITIONAL CAPITAL AND
COUNTY'S PROFIT SHARING INTEREST

18.1 Additional Capital. Argyros covenants to contribute, or cause to be contributed by others, to the capital of the Club an

amount equal to at least \$7,000,000 (the "Additional Capital" herein). Such Additional Capital shall be contributed from and after June 18, 1985 and from time to time during the Term, on an "as needed" basis as determined by the Club in its sole discretion; provided, however, that the Club shall not be entitled to exercise the rights contained in Section 7 of this Agreement (new Article Seventeen) until the full amount of the Additional Capital shall have been contributed. The Additional Capital shall include all amounts actually contributed to the capital of the Club from and after June 18, 1985, including without limitation (i) all sums paid in by Argyros on his capital note to the Club in the face amount of \$10,650,000 dated February 2, 1981, which the Club represents had a balance of \$3,375,000 on June 18, 1985, and which the Club represents had a balance on August 15, 1985 of \$1,275,000, (ii) any capital raised by the sale of limited partnership interests in the Club to a "Qualified Buyer" in the manner contemplated by Section 18.2 hereof, and (iii) any other capital raised by selling equity or subordinated debt interests in the Club to Argyros, to a Qualified Buyer or to any other person.

18.2 Sale of Minority Interest in Club.

(a) Beginning no later than one year after the effective date of this Agreement and continuing for a period of at least three years, subject to the terms and conditions hereinafter set forth, the Club shall make available to a

"Qualified Buyer" the opportunity to purchase a "Significant Minority Interest" in the Club at a "Fair Price"; provided, however, that neither this covenant, nor the performance thereof, shall be construed to limit or otherwise restrict the Club's rights under Article Seventeen hereof or under any other provisions of the Use Agreement.

(b) The Club further covenants to sell a Significant Minority Interest to any Qualified Buyer, ready, willing and able to consummate such a purchase and sale at a Fair Price and in accordance with the terms and conditions of this Article Eighteen. In the event that more than one Qualified Buyer is ready, willing and able to purchase hereunder, the Club shall have the absolute discretion to select the Qualified Buyer to which to sell.

(c) For the purposes of this Article Eighteen the following terms shall have the meanings ascribed to them below:

(1) "Qualified Buyer" shall mean a "person" (i) which is a resident of the state of Washington or which otherwise can satisfy the Club that it has sufficient contacts with, or connections in, the state of Washington to provide reasonable assurances to the Club that such person is committed to keeping Major League Baseball in the County; (ii) which can demonstrate to the Club's reasonable satisfaction that it has or can readily obtain the financial resources necessary to purchase, pay for and hold for investment such minority interest without having to make a

public solicitation and which, at a minimum, also qualifies as an "accredited investor" as that term is defined in Rule 501(a) of Regulation D (Rules Governing the Limited Offer and Sale of Securities Without Registration) promulgated by the Securities and Exchange Commission under the Securities Act of 1933 as it may be amended from time to time; (iii) which enjoys a good reputation for integrity; (iv) which will enter into a binding, irrevocable agreement with Seattle Mariners Management Corporation, the general partner of the club (the "General Partner") to vote any interests in the Club obtained pursuant to this Article Eighteen in accordance with the General Partner's recommendation regarding any sales of the Club or relocations of the Club pursuant to, and in compliance with, Articles Sixteen and Seventeen; and (v) which is otherwise reasonably acceptable to the Club. For this purpose, "person" shall include an individual, a partnership, joint venture, corporation, or association, or any organized group of individuals (not more than fifteen (15) in number, each of whom shall qualify as an "accredited investor") acting together for the purpose of acquiring a Significant Minority Interest in the Club and formed for such purpose by the efforts or under the direction of one or more of such individuals, which efforts shall be made by or on behalf of such organizing individuals in full compliance with all state and federal securities laws, evidenced by an

opinion of counsel to such group delivered to the Club in form and substance satisfactory to counsel to the Club.

(2) A "Significant Minority Interest" shall mean such interest (expressed as a percentage of the total equity interests in the Club), not less than 20% nor more than 35%, as the Club shall reasonably determine to be appropriate in the light of (i) its reasonably anticipated present and future capital needs, (ii) the approval of the purchase by the American League, (iii) legal, regulatory and tax considerations, and (iv) other reasonable business considerations, including the amount determined to be a Fair Price.

(3) A "Fair Price" shall have the same meaning as is ascribed to it in Section 16.3(a) hereof as reduced proportionately to reflect the percentage interest being sold.

(d) A Significant Minority Interest shall be deemed made available by the Club for purchase by a Qualified Buyer, within the meaning of this Article Eighteen, when the Club gives written notice of such availability and the principal terms of any such purchase to the King County Executive. The obligation hereunder of the Club to make available for purchase by local interests a Significant Minority Interest in the Club shall be satisfied if (i) the Club cooperates with responsible local business, financial and governmental representatives, or investment bankers retained by such persons and authorized to deal with the Club, in any reasonable efforts such persons undertake to iden-

tify and present to the Club potential Qualified Buyers and (ii) negotiates with any such Qualified Buyer in good faith for a sale and purchase on the basis of the terms and conditions set forth herein. In no event shall the Club or anyone acting on the Club's behalf take, or be required to take, any action in furtherance of the "opportunity to purchase" provided herein: (w) which would or might result in the offer, sale or issuance of such minority interests in a manner which would not be exempt from registration under the Securities Act of 1933, as it may be amended from time to time, as a transaction or transactions covered by Regulation D as it then exists; (x) which would require the Club to qualify as a foreign entity to do business in a jurisdiction other than the states of Washington and California; or (y) which might result in the Club being required to register under Section 12(g) of the Securities and Exchange Act of 1934 as it may be amended from time to time, or which might otherwise subject the Club to significant regulatory or other burdens to which the Club would not otherwise be subjected.

(e) Any such purchase and sale of a Significant Minority Interest shall be effected in a manner consistent with usual and customary business practices, recognizing: (i) that the Club shall have the right to require the purchase price for such minority interest to be paid entirely in cash, or, if an installment note is acceptable to the Club for a portion of the price, the Club shall have the right to require that any such note have a value, based on credit risk, interest rate factors

and status of any collateral, at least equal to that portion of the purchase price which such note is intended to represent; (ii) that the Club shall be entitled to impose reasonable restrictions on the transferability of the legal and beneficial title to such minority interests; and (iii) that the Club shall be entitled to require a good faith down payment to be made at the time when an agreement in principle is reached between the Club and a Qualified Buyer, in an amount at least sufficient to cover the costs to the Club in the event that, after a binding contract of purchase and sale is entered into, the purchase is not consummated due to a default by the buyer or due to the buyer's inability or unwillingness to consummate the transaction at the closing called for in any such binding agreement.

(f) Before entering into serious negotiations with or furnishing non-public information about the Club to a potential Qualified Buyer, the Club shall be entitled to satisfy itself that any person presented as a Qualified Buyer is in fact so qualified, which determination by the Club shall be reasonably made.

(g) In connection with, and as a part of, any consummated purchase and sale hereunder, the Club shall agree to offer to the Qualified Buyer the first right and opportunity to purchase the Club on the terms and conditions set forth in Article Sixteen hereof, in the event that control of the Club is ever offered for sale or the Club determines to exercise its rights under Article Seventeen hereof, which first right and

opportunity shall only be assignable as part of an assignment of the Significant Minority Interest in full compliance with provisions restricting transferability of Significant Minority Interest.

(h) Any purchase and sale shall be subject to approval by the American League and the Office of the Commissioner of Baseball.

(i) The failure of the Club to sell a Significant Minority Interest, or the absence of offers from any Qualified Buyer, shall not in any way diminish or affect the Club's obligations under Use Agreement, as amended.

(j) If the Club or a controlling interest in the Club is sold, at any time prior to a sale of a Significant Minority Interest hereunder, to a person who qualifies as a "Qualified Buyer," the Club's obligation to sell a Significant Minority Interest shall be deemed to have been satisfied.

18.3 County's Profit Sharing Interest. As additional consideration to the County for the Club's use of the Domed Stadium, the County shall be entitled to receive annually an amount equal to five percent (5%) of any net operating profits earned by the Club during each year of the Term, which net operating profits shall be determined in accordance with generally accepted accounting principles. The determination of such net operating profits shall be made by the firm of independent public accountants (which shall be a firm of national reputation and practice)

then serving as the Club's auditors. Such operating profits shall not include any gain on the sale of the Club. The Club's payments to the County of the County's share of operating profits shall be made within 15 days after completion of the Club's fiscal year end audit, but in no event later than 90 days after the end of each fiscal year of the Club.

2. Rent and Day of Game Payments. The Use Agreement is hereby amended by adding subsection (e) to Section 4.11 to read in its entirety as follows:

(e) Anything to the contrary herein notwithstanding, the Club shall have no obligation to make any payments to the County for the use of the Domed Stadium during the 1985, 1986 and 1987 Seasons, including the payments required by this Section 4.11 and by Article Eleven of the Use Agreement. Any payments heretofore made by the Club to the County under this Section 4.11 or Article Eleven of the Use Agreement with respect to the 1985 Season shall be refunded by the County to the Club within fifteen (15) days of the effective date of this Agreement.

3. Concession Revenues. The Use Agreement is hereby amended (i) by deleting subsection (b) of Section 4.14 as amended by the 1982 Amendments in its entirety, (ii) be relettering subsections (c) through (g), so that such subsections become (b) through (f), (iii) by deleting Section 1.13 in its entirety, and (iv) by adding new Section 4.15 to read in its entirety as follows:

4.15 Concession Revenues.

(a) The term "County Concession Revenue" as used in the Use Agreement means the total amounts received by the County from (i) any and all sales of food and beverages on Home Game Days and (ii) license fees and minimum payments from concessionaires, as fairly allocated to Home Game Days during the Season, including, without limitation, amounts received by the County from sales by the County itself, or by concessionaires, vendors and caterers, without regard to where the sales are made in the Domed Stadium. Amounts received by the County from sales of food and beverages from non-Club events, including those non-baseball events which take place, with the approval of the Club, on Home Game Days, shall not be included in "County Concession Revenue" as used in the Use Agreement.

(b) "Average Concession Revenue Per Attendee During the Season" shall mean the quotient obtained when the County Concession Revenue for the Season is divided by the total inhouse attendance (turnstile count) for the Season (such total attendance being referred to herein as "Season Attendance").

(c) Each Season (commencing with the 1985 Season) the County Concession Revenue shall be split between the County and the Club in accordance with the following formula:

Average Concession Revenue Per Attendee <u>During Each Season</u>	Percentage Payable to:	
	<u>Club</u>	<u>County</u>
First \$1.50	100%	-0-%
Next \$0.25	75%	25%
Next \$0.25	60%	40%
Next \$0.50	50%	50%
All above \$2.50	25%	75%

To illustrate, if the County Concession Revenue during the 1986 Season is \$2,520,000 and the Season Attendance for 1986 is 1,400,000, the Average Concession Revenue Per Attendee would be \$1.80 (\$2,520,000 divided by 1,400,000 = 1.80). In that event the Club would receive \$2,404,500 and the County \$115,500* of the County Concession Revenue computed as follows:

	<u>Average Per Attendee</u>		<u>Season Attendance</u>	<u>Total Concession Revenue</u>	<u>Club</u>	<u>County</u>
(1)	First	\$1.50	x	1.4 mil.	\$2,100,000	\$2,100,000
(2)	Next	\$0.25	x	1.4 mil.	350,000	262,500
(3)	Next	<u>\$0.25</u>	x	1.4 mil.	<u>70,000</u>	<u>42,000</u>
		\$1.80		\$2,520,000	\$2,404,500	\$115,500*

* (Note: County's share would actually be \$120,000 because of its minimum guarantee provided for in subparagraph (d) of this Section.)

(d) In no event, shall the County's share of County Concession Revenues be less than \$120,000 for any Season, or if all such Revenues are less than \$120,000, then the full amount of all such Revenues.

(e) The County shall receive its share of County Concession Revenue by retaining one-sixth (1/6) of the minimum guarantee from amounts which the County receives monthly from the concessionaire, and thereafter the balance of such revenues shall be paid over to the Club promptly after the County receives those revenues from the concessionaire or others, subject to a final adjustment to be made not later than 15 days after the end of the Season under the concession-sharing formula in subsection (c)

above. Any additional amounts, over and above the amount determined pursuant to subsection (d) hereof, due to the County as a result of such adjustment shall be paid to the County by the Club within 15 days after the final adjustment has been determined. Amounts due to the Club from the beginning of the 1985 Season through the effective date of this Agreement shall be paid by the County to the Club within fifteen (15) days of the effective date of this Agreement.

(f) The County's minimum share of County Concession Revenue each Season and each figure representing Average Concession Revenue Per Attendee During Each Season set forth in the table in subparagraph (c) above of this Section (which determines the percentage shares of the Club and the County) shall be adjusted every five years, commencing at the beginning of the 1990 Season, based on the extent of the percentage change in the "All Items" Consumer Price Index (applicable to urban wage earners and clerical workers published by the United States Department of Labor, Bureau of Labor Statistics, for the Seattle-Everett Region for March for the comparison years involved). To illustrate, the initial adjustments (effective in the 1990 Season) shall be based on a comparison of that index for March 1985 with the index for March 1990; and if the index for March 1990 will be higher than that index was for March 1985 by 35%, the 1990 minimum payment to the County will be \$162,000 and the formula for determining the split between the Club and the County will be as follows:

Average Concession Revenue Per Attendee <u>During Each Season</u>	Percentage Payable to:	
	<u>Club</u>	<u>County</u>
First \$2.03	100%	-0-%
Next \$0.34	75%	25%
Next \$0.34	60%	40%
Next \$0.68	50%	50%
All above \$3.39	25%	75%

4. Loges. The Use Agreement is hereby amended by adding new Section 3.7 to read in its entirety as follows:

3.7 Construction of Private Loges and Loge Revenues.

(a) The County shall construct, or cause to be constructed, approximately forty-five private spectator suites and, subject to approval by Seattle Professional Football one spectator suite to be used exclusively by the County (collectively the "Loges") (containing ten to twelve seats per Loge) around the top of the 100 level of the Domed Stadium, or in such other location as the parties shall agree.

(b) The County warrants (subject to the force majeure provisions of this Section 3.7 hereof) that such construction (i) will be completed in time for occupancy and use of such Loges by spectators for the first Regular Home Game of the 1988 Season, (construction will be deemed to be completed when a certificate of occupancy has been issued), and (ii) will not interfere in any material respect with the playing or viewing of Regular Home Games in the Domed Stadium, recognizing, however, that the use of some seats may be impacted for a period of time during the

construction period, and that the County will use its best efforts to avoid any such interference and impact.

(c) The County shall finance the construction of such Loges out of surplus hotel/motel tax funds or such other funds as may be available to the County.

(d) The County will cause to be prepared in consultation with the Club, preliminary plans and specifications for the construction of the Loges, which shall be subject to the Approval of the Club, as defined in Section 1.5 of the Use Agreement.

(e) The County shall develop, in cooperation with the Club and Seattle Professional Football, a marketing plan for the lease and use of all the Loges by individuals, organizations or entities, and that marketing plan, to the extent possible, shall provide reasonable means by which a number of baseball-oriented loges shall be made available under appropriate conditions to the Club or its designees for purchase or lease on the same terms and prices as would be obtainable from other possible loge buyers/renters. The Club agrees to cooperate reasonably in the marketing of the Loges so as to maximize Loge Gross Revenues.

(f) All occupants of the Loges on Home Game Days must enter the Domed Stadium through turnstile gates upon presentation of a home game admission ticket and reasonable arrangements will be made by the County to ensure that each occupant of the loge holds the proper loge ticket. The lessee of each loge shall be required to purchase each Season not less than five (5) full

Season Tickets for all Regular Home Games and the Club shall make available for purchase to the lessee of each Loge up to 7 tickets for each home game. The ticket price charged lessees of Loges for home game tickets shall be no greater than the maximum price charged for home game tickets in the spectator stands of the Domed Stadium.

(g) The annual gross revenues (net of all applicable taxes and license fees and charges in the nature of taxes, imposed by any governmental agency other than the County) from the lease, use or occupancy of the Loges (other than (i) from the sale of tickets to the occupants of the Loges for various events, including football and baseball, at ticket prices which relate reasonably to ticket prices charged for tickets in the spectator stands, and (ii) from concession sales from the Loges) (the "Loge Gross Revenue") shall be shared among the County (including the Seattle Professional Football's share) and the Club as follows:

(1) During each of the first two years of use of the Loges (which shall be the 1988 and 1989 calendar years, subject to the force majeure provisions of this Section 3.7 hereof), the Club shall not be entitled to receive any of the Loge Gross Revenues (determined on an accrual basis).

(2) During the third calendar year of use of the Loges, the Club shall receive ten percent (10%) of the Loge Gross Revenue (determined on an accrual basis), with the County retaining the remainder to be split between the County and Seattle Professional Football as they mutually determine.

(3) Thereafter, during the remainder of the Term, the Club shall receive each year forty percent (40%) of the Loge Gross Revenue (determined on an accrual basis), with the County retaining the remainder to be split between the County and Seattle Professional Football as they mutually determine.

(h) The failure to complete the construction of Loges for use and occupancy before the beginning of the 1988 Season (unless extended because of force majeure causes pursuant to the provisions of this paragraph (h) of this Section 3.7) shall constitute a breach of the Use Agreement by the County, the sole and exclusive remedy for which shall be as provided for in Section 3.7(i) hereof. The obligation of the County to complete the construction of the Loges in time for use and occupancy at the beginning of the 1988 Season shall be deferred for a reasonable period of time to the extent the work of construction is delayed as a result of force majeure causes, including fire, accidents, labor disputes, riots, civil disturbances, war, judicial decrees and other causes beyond the control of the County. Such delay shall approximate to the extent possible the time that construction work was required to be suspended as a result of such force majeure. Inability of the County to obtain all necessary approvals for the construction of the Loges from the Club, following its reasonable efforts to obtain all such approvals, shall not constitute a breach of the obligation to build the loges under Section 3.7 of this Agreement.

(i) If the County shall breach this Agreement by failing to complete the construction of the Loges before the beginning of the 1988 Season, as provided for in Section 3.7(h) herein, the Club shall not be required to make any payments to the County for the use of the Domed Stadium during any period that the construction of the Loges has not been completed, including the payments required by Section 4.11 and by Article Eleven of the Use Agreement.

5. Attendance Guaranty. The Use Agreement is hereby amended by adding new Article Sixteen to read in its entirety as follows:

ARTICLE SIXTEEN

ATTENDANCE GUARANTY AND
OFFER TO SELL CLUB TO
SEATTLE BUYER

16.1 Conditions to be Satisfied. The Club shall have the rights granted to it in Article Seventeen if (i) the full amount of Additional Capital has been contributed to the Club as provided for in Section 18.1, (ii) the "Attendance Guaranty" provisions of Section 16.2 hereof shall not have been satisfied and (iii) the Club shall have complied with the provisions of Section 16.3 but no "Seattle Buyer" shall have purchased the Club and assumed, with the prior written consent of the County, the Club's rights and obligations under the Use Agreement.

16.2 Attendance Guaranty.

(a) The total "Paid Attendance" during any two consecutive Seasons in which all Regular Home Games actually are played (excluding the 1985 Season) (the "Attendance Guaranty Period") shall be at least:

(1) Two million eight hundred thousand (2,800,000) persons;

OR, if greater at any time after January 1, 1991,

(2) Ninety percent (90%) of the total Paid Attendance of American League teams for regularly scheduled games during the same two-Season period divided by the number of teams in the American League, as determined in accordance with the official information on such statistics published or released by the American League.

Provided, however, that if during any Attendance Guaranty Period the number of Regular Home Games actually played was less than all Regular Home Games scheduled to be played according to the American League schedule, then the attendance guarantee shall be reduced by multiplying 2,800,000 by a fraction, the numerator of which shall be the number of Regular Home Games actually played during the Attendance Guaranty Period and the denominator of which shall be the number of Regular Home Games scheduled to be played during such period according to the American League schedule.

And provided further that if eight or more regularly scheduled Championship Season Club games, whether home or away games, are cancelled in any single Season due to a strike or other similar work stoppage by the American League baseball players, then the Attendance Guaranty provisions of this Section 16.2 shall not apply to that Season (the "Strike Season"), and the Season immediately preceding the Strike Season, together with the Season immediately following the Strike Season, shall be deemed to constitute the relevant Attendance Guaranty period, and the Attendance Guaranty provisions of this Section 16.2 shall not apply to the Strike Season as if the Strike Season had not existed.

(b) If the number of "Season Tickets" sold by the Club on or before June 1 of each year of any Attendance Guaranty Period shall total twenty thousand (20,000) or more, then it shall be conclusively presumed that the Attendance Guaranty contained in subsection (a) above shall have been satisfied, irrespective of what in fact the Paid Attendance was.

(c) The Club agrees to set its ticket prices for each category or broad category of seating locations within levels which are reasonably comparable to the average ticket prices charged by the other American League teams for similar categories or broad categories of seating locations, insofar as such information can be obtained. The Club's determination that its ticket prices are comparable shall be conclusive, if made reasonably and based upon ticket price information compiled by the American

League in the regular course of its business and regularly provided in writing to all of the American League teams at least annually. If the County objects to the ticket prices set by the Club, the County shall have 45 days from its receiving notice from the Club of such ticket prices to notify the Club of its objection, or else such objection to the ticket prices for that Season shall have been waived with respect to the operation of this Article Sixteen and Article Seventeen hereof.

16.3 Sale of Club and Assignment of Use Agreement to Seattle Buyer. If the Attendance Guaranty provisions of Section 16.2 have not been satisfied and the Club wishes to exercise its rights under Article Seventeen, as a precondition to the exercise of such rights under Article Seventeen, it shall first offer the Club for sale (the "Offer to Sell") to Seattle Buyers (as defined in Section 16.3(g)(2)), each of whom is willing to assume the obligations of the Club under the Use Agreement and obtain the County's consent to an assignment of the Use Agreement by the Club to such person, in the terms and in the manner hereinafter set forth.

(a) Price. The Club shall be offered to Seattle Buyers at a "Fair Price", which may not be higher than the greater of:

(1) The price determined by an appraisal of fair value to a buyer who is assuming the Club's obligations under the Use Agreement, made by an independent and qualified appraiser selected jointly by the Club and the County, who shall use normally accepted practices and procedures in

valuing professional baseball franchises of a comparable nature under comparable conditions, which such appraisal report may be dated any time within four (4) months of the Offer to Sell; provided, however that the County may require the appraiser to make an updated appraisal as of a date within thirty (30) days of the Offer to Sell, if the County can demonstrate that an extraordinary event or events have occurred, since the date of the appraisal report, which immediately and materially reduced the value of the Club. In such event, the appraiser shall update his appraisal to take into account such new development; or

(2) The Owner's Net Investment, as defined in Section 16.3(g)(1).

(b) Duration of Offer. The Offer to Sell shall be held open by the Club for a period of at least one hundred twenty (120) days following public announcement that (i) the Club is available for sale to Seattle Buyers and (ii) the price at which the Club is available for sale to Seattle Buyers. In no event shall such public announcement of the Offer to Sell (for purposes of commencing the 120-day offer period) be given prior to August 1 of any Season.

(c) Terms of the Offer. The Offer to Sell shall be made on terms which are reasonable and in accord with normal commercial transactions. The Club shall give public notice of such terms either, at its option, (1) by including such terms in the public announcement provided for in subsection (b), above, or (2)

by providing such terms to the County at the time of the public announcement and making such terms available to those persons identified in subsection (d), below. Without limiting the generality of the first sentence of this subsection, (i) the Club shall have the right to require the purchase price to be paid entirely in cash unless such requirement would be unreasonable in the circumstances, (ii) if all or any portion of the purchase price is payable by an installment note the Club shall have the right to require that any such note be secured by collateral, including a letter of credit (but excluding the assets of, or ownership interests in, the Club), having a value at least equal to that portion of the purchase price which such note is intended to represent; (iii) the Club may require that any buyer purchase and pay for at the Closing all (and not less than all) of the Club and assume all obligations of the Club, as part of the purchase; (iv) the Club shall be entitled to require a good faith down payment to be made at the time when an agreement in principle is reached between the Club and a Qualified Buyer; and (v) the Club may, if it so elects, specify that acceptance of its Offer to Sell shall not give rise to a binding and enforceable contract between the Club and a Qualified Buyer, unless and until a definitive contract, embodying the terms of the Offer to Sell and such other terms and conditions as may be usual and customary in transactions of this kind, has been negotiated, prepared and executed between the parties.

(d) Bona Fide Offers. During the one hundred twenty (120) days which the Offer to Sell shall be held open, the Club shall reasonably cooperate with all persons who can satisfy the Club reasonably that they are potential Seattle Buyers interested in pursuing and capable of completing the purchase of the Club on terms set forth in the Club's Offer to Sell; and the Club shall encourage tenders of bona fide offers from all such Seattle Buyers who present themselves to the Club.

(e) Sale to a Seattle Buyer. The Club shall sell the Club to any Seattle Buyer which accepts the Offer to Sell or enters into a binding contract to purchase the Club. If more than one Seattle Buyer accepts the Offer to Sell, the Club may determine, in its sole discretion, which Seattle Buyer may purchase the Club, it being understood that, all else being more or less equal, the Club will give preference to a Seattle Buyer with the most substantial pre-existing contacts with the Seattle area.

(f) Withdrawal of Offer. If during the 120 days that the Offer to Sell is held open, the Club withdraws the Offer, then (i) the Club shall be deemed to have waived its rights under Articles Sixteen and Seventeen hereof with respect to the particular Attendance Guaranty Period which was the subject of its withdrawn Offer to Sell, and (ii) the Club shall not be entitled to exercise the rights granted to it under Article Seventeen hereof for at least four (4) additional Seasons following such withdrawal of its Offer to Sell (i.e., based on an Attendance

Guaranty Period commencing no less than two (2) Seasons following the Club's withdrawal of its Offer to Sell).

(g) Definitions. For the purposes of this Article, the following terms shall have the meanings ascribed to them below:

(1) "Owner's Net Investment" means the aggregate of (i) all amounts invested in or loaned to the Club by the present and future general and limited partners of the Club (and all future equity owners of the Club) from time to time; (ii) plus all interest paid by Argyros (or his successors) on the indebtedness of \$7,850,000 incurred by Argyros in 1981 in connection with the acquisition of the Seattle Major League Baseball franchise from the former owner, Seattle Baseball Club, and contributed by Argyros to the capital of the Club, which interest, the Club represents, amounted to \$3,002,000 as of May 31, 1985; less any distributions of capital and payments and repayments of loans (or interest on the indebtedness identified in subpart (ii) of this subsection) to such partners and owners. For this purpose, indebtedness or obligations of the Club to a third party (which is not an equity owner of the Club) which is guaranteed or assumed by an equity owner of the Club shall be treated as a direct loan to the Club made by the equity owner which guaranteed or assumed such indebtedness or obligation to the extent thereof. Similarly, payments and repayments by the Club on such guaranteed loans and assumed obligations shall reduce Owner's Net Investment to the extent thereof. Owner's Net

Investment shall initially be determined by the firm of independent public accountants of national reputation and practice, then regularly serving as the Club's auditors.

(2) "Seattle Buyer" means a "person," whether located in Seattle or elsewhere, (i) which is ready, willing and able to assume the obligations of the Club under the Use Agreement and is otherwise acceptable to the County, and (ii) which can demonstrate that it has or can readily obtain the financial resources necessary to purchase and pay for the club on the terms set forth in the Offer to Sell without having to make a general or public solicitation and which also qualifies as an "accredited investor" as that term is defined in Rule 501(a) of Regulation D (Rules Governing the Limited Offer and Sale of Securities Without Registration) promulgated under the Securities Act of 1933 as it may be amended from time to time. For this purpose, "person" shall include an individual, partnership, joint venture, corporation, association, public entity, or any organized group of individuals (not more than fifteen (15) in number), each of whom shall at a minimum qualify as an "accredited investor", acting together for the purpose of acquiring the ownership of the Club and formed for such purpose by the efforts or under the direction of one or more of such individuals, which efforts shall be made by or on behalf of such organizing individuals in full compliance with all state and federal securities laws, evidenced by an opinion of counsel

to such group delivered to the Club in form and substance satisfactory to counsel to the Club.

(3) "Season Ticket" means (i) those tickets which allow the ticket holder to attend all Regular Home Games during the Season for which the Season Ticket is purchased; and (ii) those ticket packages or plans offered by the Club which allow the ticket holder to attend a portion of all Regular Home Games (e.g., one-half season tickets), which in combination equate to tickets to all games (e.g., for this purpose, two one-half season tickets equate to one "Season Ticket").

(4) "Paid Attendance" shall have the same meaning as in Section 1.22 of the Use Agreement, as amended in Section 15, herein.

(h) Miscellaneous.

(1) If the price included in the Club's Offer to Sell is the Owner's Net Investment or lower, no appraisal shall be required, irrespective of whether the "appraised value" would or might be higher than the Owner's Net Investment.

(2) Nothing contained in Article Sixteen or in Article Seventeen shall be interpreted to eliminate, abridge, or limit the other rights of the Club or the County under the Use Agreement.

(3) The provisions of this Agreement shall not be interpreted to prevent a sale of the Club at such price and

on such terms as the Club determines to be satisfactory, so long as any such purchaser agrees to play its Regular Home Games in the Domed Stadium subject to the terms and conditions of the Use Agreement, including without limitation paragraph (c) of Article Thirteen.

(i) Selection of the Appraiser. The appraiser, who shall be independent, experienced and qualified in appraising professional sports franchises, shall be selected in the manner hereinafter set forth. The Club shall send to the County a notice of selection of appraiser (the "Club's List") which shall contain a list of the names and qualifications of three qualified appraisers. Within ten (10) business days after receiving the Club's List, the County shall either (1) select one appraiser from the Club's List and so inform the Club or (2) provide to the Club a list containing the names and qualifications of three qualified appraisers who would be satisfactory to the County (the "County's List"). If the County selects one of the three on the Club's List or if the Club selects one of the three on the County's List, such person shall perform the appraisal and the results thereof shall be binding and conclusive on the Club and the County, absent bad faith or manifest error.

If the Club chooses not to select an appraiser contained on the County's List, then the Club shall within five (5) business days after receiving the County's List notify the County of its rejection of the County's List and appoint a

qualified appraiser whose name shall be provided to the County in such notice (the "Club's Second Appraiser Notice"). Within five (5) business days of the County receiving the Club's Second Appraiser Notice, the County shall appoint a qualified appraiser and, within ten (10) business days thereafter, the two appraisers so appointed by the County and the Club shall meet and confer and select a third qualified appraiser (who may, but need not, be a person included on the Club's or the County's List) and who shall then be the appraiser designated to perform the appraisal of the Club contemplated by paragraph (a) of Section 16.3. The appraiser so selected shall complete his appraisal within thirty (30) days of his appointment and his appraisal report shall be binding and conclusive on the Club and the County, absent bad faith or manifest error.

(j) Arbitration.

(1) To assure impartial treatment of the items contained in Sections 16.2 and 16.3(a), (b), (c), and (g) if the parties cannot otherwise agree, an arbitration panel shall be appointed in the manner set forth below in this paragraph to resolve any dispute concerning such matters.

(2) Either party may invoke arbitration by giving written notice to the other, in which notice such party shall name an arbitrator. The other party shall have seven (7) days thereafter in which, by written notice to the first party, it shall name an arbitrator, and if it fails to do so,

the arbitrator named by the first party shall be the sole arbitrator. If both parties timely name arbitrators, the two such arbitrators shall, within ten (10) days after the second arbitrator is named, appoint a third arbitrator, who shall be chairman. The arbitration panel shall make its decision regarding the disputed term or terms within fifteen (15) business days of the selection of the third member of the panel. The decision of a majority of the arbitration panel so selected shall be binding upon the parties hereto. Each party shall pay the expenses of its arbitrator and the expenses of the third arbitrator shall be borne equally by the parties.

6. Termination and Relocation of Club. The Use Agreement is hereby amended by adding new Article Seventeen to read in its entirety as follows:

ARTICLE SEVENTEEN

Termination, Sale or Relocation of Club

17.1 If the "Attendance Guaranty" contained in Section 16.2 is not met, the full amount of Additional Capital has been contributed to the Club as provided for in Section 18.1, and any resulting "Offer to Sell" the club pursuant to Section 16.3 does not result in a sale of the Club to a Seattle Buyer, as contemplated therein (other than because of a withdrawal by the Club of its Offer to Sell in the manner contemplated by Section

16.3(f)), then, in that event, the Club shall have the right, at its sole discretion, to do any one or more of the following:

(1) Terminate the Use Agreement, subject to the payment of a "Termination Premium" under the provisions of Section 17.2 hereof and to the notice of termination provisions of Section 17.3 hereof, with the further option of seeking to renegotiate a new Use Agreement with the County, entering into an agreement or arrangement to play Regular Home Games in another stadium within the County, or moving the Club to another city of the Club's choosing within or without the State of Washington; or

(2) Sell the Club, free of the Use Agreement's rights, powers, privileges, duties, responsibilities and restrictions, to any buyer of the Club's choosing at any price and on such other terms as the Club specifies; provided, however, that if any such buyer offers to purchase the club at a price (the "Reoffer Price") which is less than the price the Club used to satisfy its obligations under Section 16.3, the Club may not accept such an offer or sell the Club at such Reoffer Price until it has first reoffered to sell the Club to all Seattle Buyers who made bona fide offers in writing to purchase the Club during the initial one hundred twenty (120) day period of the "Offer to Sell." If, within ten (10) days of reoffering the Club to such Seattle Buyers, one or more Seattle Buyers to whom the reoffer has been made has offered to purchase the Club at or above the Reoffer Price, the Club must then be sold at the Reoffer Price or such higher price that any such Seattle Buyer is willing to pay, to

such Seattle Buyer or, if more than one Seattle Buyer is eligible, the one selected by the Club. If, after the ten (10) day reoffer period has expired, no Seattle Buyer is ready, willing and able to purchase the club at the Reoffer Price and to pay such price at a closing of the transaction before the expiration of such ten (10) day period, the Club may then be sold at a price no less than the Reoffer Price to the buyer or any other person willing to purchase the Club at such a price, and if sold, the Use Agreement may be terminated by the Club, subject to the provisions of Section 17.2 and 17.3 hereof.

17.2 Termination Premium.

(a) If the Use Agreement is terminated pursuant to the provisions of Section 17.1, whether its termination is the result of a sale to another buyer or whether the Club elects to itself terminate the Use Agreement, the Club shall pay to the County a "Termination Premium" determined as hereinafter provided.

(b) If the Club is sold to a buyer (other than a Seattle Buyer who assumes the Use Agreement) who terminates the Use Agreement and elects to play the Regular Home Games of the Club at a stadium other than the Domed Stadium, the Termination Premium payable by the Club to the County shall equal one-half of the amount by which the consideration received from the sale of the Club exceeds the price fixed pursuant to Section 16.3(a). In no event, however, shall the Termination Premium be less than the "Minimum Termination Premium." The Minimum Termination Premium shall be the sum of:

(i) The "Minimum Consideration" (as defined in Section 1.19 of the Use Agreement) multiplied by the number of Seasons remaining in the Term of the Use Agreement, but in no event less than Three Hundred Twenty Thousand Dollars (\$320,000); and

(ii) If the Use Agreement is terminated prior to January 1, 1991, the following amount:

if terminated in 1987 - \$2,000,000

if terminated in 1988 - \$3,000,000

if terminated in 1989 - \$2,000,000

if terminated in 1990 - \$1,000,000.

(For the purposes of this subsection and in Section 7 (b)(2) herein, the term "if terminated in 1987" means "if terminated after the 1986 Season is completed, but before the 1987 Season is played," and so forth with respect to the other years listed above.)

(c) If the Club is not sold pursuant to the provisions of Section 17.1(2) of this Article Seventeen and the Club elects to terminate the Use Agreement pursuant to the provisions of Section 17.1(1) of this Article Seventeen so that the Club plays its Regular Home Games in a location other than the Domed Stadium, then in that event, the Club shall pay the Minimum Termination Premium as defined in the preceding subparagraph. However, if at any time within three (3) years of any such termination of the Use Agreement by the Club, a "controlling interest" in the Club is sold, whether as a single sale or in a

series of sales during such three (3) year period, the Club shall pay the County an amount equal to one-half of the amount by which the consideration received from the sale of such controlling interest exceeds the price fixed pursuant to Section 16.3(a), reduced by any Termination Premium (Minimum or otherwise) previously paid.

(d) Notwithstanding the foregoing, the Club shall not be required to make the payment to the County referred to in the second sentence of Section 17.2(c) of this Article Seventeen as a result of:

(i) the transfer of any interests in the Club to a trust over which the transferor of such interest in the Club holds the full power of revocation (alone or together with his spouse) so long as he (or he and his spouse, as the case may be) lives and which trust is maintained for the benefit of the transferor of such interest or the transferor's spouse, children, or grandchildren;

(ii) the transfer of any interests in the Club to the spouse, children, or grandchildren of the transferor of such interest; or

(iii) any other transfers of legal title to any equity interests in the Club which result in no change in the beneficial ownership of such equity interests.

Subsequent transfer by transferees of transfers under clauses (i), (ii) or (iii) above, involving a controlling interest, shall again be subject to the provisions of Section 17.2.

17.3 Notice of Termination.

(a) Any termination of the Use Agreement pursuant to Article Seventeen hereof shall not be effective unless the Club has given the county at least twelve (12) months prior notice of its intent to exercise its rights as provided in this Article; provided, however, that no more than four (4) months' notice of intent to terminate shall be required if the "Minimum Consideration" due under the Use Agreement when multiplied by the number of years remaining in the Term of the Use Agreement equals or exceeds Four Hundred Fifty Thousand Dollars (\$450,000). However, the Club may, at its option, pay Four Hundred Fifty Thousand Dollars (\$450,000) in the event that the Minimum Consideration when multiplied by the number of years remaining in the Term of the Use Agreement is less than that amount, in order to reduce the required notice of the effective date of termination to four (4) months.

(b) In no event shall the effective date of any termination of the Use Agreement specified in such notice of intent to terminate given under this Section 17.3 occur between April 1 and October 1 of any year.

17.4 Failure of City to Grant Tax Relief. Anything in this Use Agreement to the contrary notwithstanding, the Club, at any

time from and after the last Regular Home Game of the 1986 Season, may exercise its rights under this Article Seventeen to sell or move the Club, free of the Use Agreement, subject only to compliance with the provisions of Sections 16.3 and 17.2 hereof and the notice provisions of Section 17.3 hereof, without regard to whether the Attendance Guaranty provisions of Section 16.2 hereof have or have not been satisfied, if the City of Seattle has failed to agree, on or before October 31, 1985, to provide "Admissions Tax Relief" for the balance of the term of the Use Agreement, or, in lieu thereof, such alternative financial benefits of a comparable nature and value as are approved by the Club, which approval will not be unreasonably withheld. For this purpose "Admissions Tax Relief" means action by the City of Seattle (approved by the City Council or as otherwise may be required) which effectively exempts the Club for the balance of the Term from the obligation of collecting and remitting the Admissions Tax imposed by the City of Seattle under Chapter 5.40 of the Seattle Municipal Code until Paid Attendance, as defined in Section 16.2(g)(4) herein, for Regular Home Games reaches 1,400,000 in a Season, in which event the tax shall only be applied to the tickets sold in excess of 1,400,000.

17.5 Failure of State to Amend Hotel/Motel Tax Statutes.

Anything in this Use Agreement to the contrary notwithstanding, the Club, at any time from and after March 31, 1986, may exercise its rights under this Article Seventeen to sell or move the Club,

free of the Use Agreement, subject only to compliance with the provisions of Sections 16.3 and 17.2 hereof and the notice provisions of Section 17.3 hereof, without regard to whether the Attendance Guaranty provisions of Section 16.2 hereof have or have not been satisfied, if both of the following conditions occur: (i) the State of Washington has failed to provide, on or before March 31, 1986, "State Tax Relief" and (ii) the County exercises the option it has under Paragraph 7(a) of this Agreement to terminate and cancel all amendments to the Use Agreement and all other agreements and covenants on the part of both parties contained in this Agreement (other than the terms and provisions of Articles Sixteen and Seventeen hereof, which shall remain in full force and effect, except for the Attendance Guaranty provisions of Section 16.2 hereof, notwithstanding any such termination and cancellation by the County). For this purpose, "State Tax Relief" means action by the State of Washington, through its legislature and Governor, which effectively authorizes the County to levy an additional hotel/motel tax at a level up to one percent (1%) higher than the current maximum level, for use by the County to fund operations and capital expenditures at the Domed Stadium.

17.6 Failure of Seattle Professional Football to Give Any Required Consents. Anything in this Use Agreement to the contrary notwithstanding, the Club, from and after December 31, 1985, may exercise its rights under this Article Seventeen, to sell or move the Club, free of the Use Agreement, subject only to

compliance with the provisions of Sections 16.3 and 17.2 hereof and the notice provisions of Section 17.3 hereof, without regard to whether the Attendance Guaranty provisions of Section 16.2 have or have not been satisfied, if both of the following conditions occur: (i) Seattle Professional Football has refused to enter into, on or before December 31, 1985, any agreement with the County that the County reasonably believes is necessary in order to implement any of the terms and provisions of this Agreement and (ii) the County exercises the option it has under Paragraph 7(b)(1) of this Agreement. (In which case, the terms and provisions of Articles Sixteen and Seventeen hereof shall remain in full force and effect, except for the Attendance Guaranty provisions of Section 16.2 hereof, notwithstanding any such termination and cancellation by the County).

7. County's Right to Cancel Certain Amendments.

(a) If the State of Washington fails to provide, on or before March 31, 1986, "State Tax Relief" (as defined in Section 17.5 hereof), the County shall have the right, at its option to be exercised at any time after March 31, 1986, by giving the Club twelve (12) months' prior notice, to cancel the amendments to the Use Agreement contained in, and all other terms and provisions of, this Agreement except as hereinafter expressly provided. Any such cancellation by the County shall become effective at the end of such twelve (12) month notice period or, if the end of such period occurs during a Season, then the effective date of cancellation shall be the end of the Season in which

such twelve (12) month period ends. Notwithstanding any such cancellation by the County, the terms and provisions of new Articles Sixteen and Seventeen of the Use Agreement shall continue in full force and effect, except that the Attendance Guaranty provisions of Section 16.2 shall not be applicable to the Club, notwithstanding any such termination and cancellation by the County.

(b) If Seattle Professional Football refuses for any reason to enter into, on or before December 31, 1985, any agreement with the County that the County reasonably determines is necessary to implement any of the terms and provisions of this Agreement, the County may elect at any time after December 31, 1985, by giving the Club twelve (12) months' prior notice, to take one of the following actions:

(1) Cancel the amendments to the Use Agreement and all other terms and provisions of this Agreement except as hereinafter expressly provided, such cancellation to become effective at the end of such twelve (12) month notice period or, if later, at the end of any Season in which such twelve (12) month period ends. Notwithstanding any such cancellation by the County, the terms and provisions of new Articles Sixteen and Seventeen of the Use Agreement shall continue in full force and effect, except that the Attendance Guaranty provisions of Section 16.2 shall not be applicable to the Club.

(2) Alternatively, the County may elect to cancel only (i) new Section 3.7 of the Use Agreement (relating to the construction of Loges and the division of the revenues from the lease thereof) and (ii) new Section 19.2 of the Use Agreement (relating to Additional Seating). If the County elects the alternatives set forth in this paragraph (2), the County shall receive at the end of each Season during the Term, from and after the 1991 Season, in addition to its share of Gross Concession Revenue under Section 4.15 of the Use Agreement, the sum of \$600,000; provided, however, that if the County chooses this alternative, that portion of the Termination Premium contained in clause (ii) of Section 17.2(b) of the Use Agreement, if it becomes applicable to any termination of the Use Agreement by the Club under Article Seventeen, shall be based on the following table, in lieu of the table set forth in such clause (ii) of Section 17.2(b):

if terminated in 1987 - \$2,000,000

if terminated in 1988
through 1992 - \$3,000,000

if terminated in 1993 - \$2,400,000

if terminated in 1994 - \$1,800,000

if terminated in 1995 - \$1,200,000

if terminated in 1996 - \$ 600,000

8. Miscellaneous Provisions: The Use Agreement is hereby amended by deleting Section 4.14(e) regarding "Revenue and

Stadium Advertising," and adding new Article Nineteen to read in its entirety as follows:

ARTICLE NINETEEN
ADDITIONAL PROVISIONS

19.1 Stadium Advertising.

(a) The County agrees to allow the Club to assume all responsibility for advertising in the Domed Stadium throughout each year for all events during the Term of the Use Agreement. If any existing contracts entered into by the County cannot be terminated or modified to permit the assumption of such contracts by the Club after a good faith request by the County, then the County may continue to exercise its rights and responsibility under such contract or contracts; provided, however, that upon the expiration of the term of such contracts (without regard to any options on the part of the County to renew such contracts), such contracts shall be terminated so that the Club may assume responsibility for all advertising in the Domed Stadium. The Club shall have the right, at its own cost and liability and subject to the rights of existing advertisers, to increase the amount of space in the Domed Stadium devoted to advertising and the opportunities generally to advertise in the Domed Stadium.

(b) Notwithstanding the foregoing, the Club shall provide the County with a copy of each proposed agreement for advertising in the Domed Stadium, prior to the Club entering into any such agreement, and the County shall have the right to approve in

writing the nature, rate and charge for, and content of all advertising in the Domed Stadium, and any increase in the amount of space devoted to advertising, which approval by the County shall not be unreasonably withheld. It is understood and agreed by the parties that it is the intent of this Section 19.1 that the Club will market advertising space in the Domed Stadium at the prevailing market rates for each such type of advertising, and for the purpose of maximizing advertising revenues for both the Club and the County.

(c) The Club shall be responsible for insuring that all contracts entered into for advertising in the Domed Stadium comply with the contractual rights of existing advertisers, including among other things, exclusive advertising rights and options exercisable by existing advertisers.

(d) The County shall have the right to permit, without Club approval, temporary sponsor identification (including banners, temporary panels and other types of promotional items and displays) during special events in the Domed Stadium on other than Home Game Days.

(e) The Club shall keep accurate books and accounts of all revenue received from advertising in the Domed Stadium. Such books and records shall be open and available for reasonable audit and inspection by the County upon the official request of the Stadium Director during regular working hours on any business day.

(f) The Club agrees to pay to the County during each year of the Term (i) a "Guaranteed Advertising Payment" and (ii) twenty-five percent (25%) of all "net advertising revenue" in excess of the Guaranteed Advertising Payment.

(1) The Guaranteed Advertising Payment shall be \$606,000 for each of the years 1985 through 1990; \$462,000 for 1991; and \$318,000 for 1992 through 1996, which amounts the County represents accurately reflect the reduction of debt service payments on the Domed Stadium scoreboard and information system; provided, however, that such Guaranteed Advertising Payment shall be subject to equitable and proportionate adjustments from time to time to reflect changes in, or otherwise to account for, such matters as advertising contracts which are administered by the County and the costs associated therewith, future debt service on modification or replacement of the present scoreboard and information system (unless such costs are covered by the hotel/motel tax referred to in Section 17.5 hereof), employee strikes or other work stoppages, and force majeure causes;

(2) For purposes of this section, "net advertising revenue" shall equal gross annual advertising revenue less (i) outside agency sales commissions and other reasonable sales costs, which are direct and clearly verifiable; (ii) the actual costs of purchasing tickets for advertisers (excluding complimentary tickets); and (iii) pro-rata reductions due to labor strikes, game guarantees and force majeure

causes; and (iv) future debt service or amortization on reasonable costs incurred by the Club (and not reimbursed by advertisers) in expanding advertising space in the Domed Stadium (subject to the approval of the County).

(g) The County shall be entitled to receive, and the Club agrees to pay to the County, the full amount of the County's Guaranteed Advertising Payment within 15 days of the Club's receipt of funds from the sale of advertising, and the Club shall not retain for its own account any funds from the sale of advertising in any year until the County has received the full amount of that year's Guaranteed Advertising Payment. Thereafter, once the County has received the full amount of its Guaranteed Advertising Payment, the Club will divide any additional funds it receives from the sale of advertising as provided for in subsection (f), above, within 15 days of the Club's receipt of such funds.

19.2 Additional Seating.

(a) The Club and the County agree that the County shall have the right to install approximately 2,500 additional seats in the Domed Stadium at locations subject to the approval of the Club.

(b) The Club and the County further agree, subject to the provisions of Section 7 herein, that the County shall replace for the 1986 Season the existing "bench-type seating" currently in place on the "100 level" between the foul poles with up to a maximum of 9,000 "theater-type" seats.

19.3 Director's Box. The County agrees that the Club shall have exclusive use for all of the Club's Home Games of the Director's Box located on the Upper Level of the Press Box, at the Southwest end thereof, behind home plate in the Domed Stadium. The Club agrees (i) to provide the County with ten (10) complimentary prime seats for each such Home Game, with appropriate press lounge credentials and season ticket privileges, such seats to be those seats numbered four (4) to thirteen (13) in the front row of the north end of the lower working press box, and (ii) to permit the County to make minor modifications to that seating area, at County expense, to provide a private-box like setting to that area (e.g., the addition of removable partitions and carpeting). The Kingdome Control Booth on the press lounge level shall continue to be under the exclusive control of the County for all Home Games.

19.4 Diamond Vision Advertising. The Club shall have the right, subject to the approval of Diamond Vision Incorporated, to sell to third parties up to nine (9) minutes of video advertising to be played on the Diamond Vision screen located above the left and center field stands in the Domed Stadium during the Club's Home Games. The Club agrees to obtain any consent legally required of Diamond Vision Incorporated to such advertising, and the County agrees to cooperate reasonably with the Club. Any and all revenues obtained by the Club from the sale of such adver-

tising shall be the property of the Club and shall not be subject to the provisions of Section 19.1 of this Use Agreement.

19.5 More Favorable Terms. In the event that the County enters into any amendments to the Use Agreement between King County and Seattle Professional Football, dated January 6, 1976, (hereinafter such amendments shall be referred to as the "SPF Amendments"), the Club shall have the right to renegotiate this Agreement on terms substantially comparable to the terms of any such SPF Amendments insofar as such terms relate to:

- (i) office space in the Domed Stadium;
- (ii) storage space in the Domed Stadium;
- (iii) parking space at the Domed Stadium;
- (iv) any Stadium Club;
- (v) the press box and lounge;
- (vi) locker rooms, except construction;
- (vii) insurance; or
- (viii) the terms of any "More Favorable Terms" provision;

provided, however, that the Club's right to receive the benefit of the more favorable terms shall not apply to the amendments to the Use Agreement between the County and Seattle Professional Football necessary to comply with Section 17.6 hereof. The County agrees that immediately upon the execution of any SPF Amendments, the County shall deliver a true and correct copy thereof to the Club. If the Club elects to renegotiate this Use Agreement pursuant to this Section 19.5, it shall give notice of

its intent in writing to the County within sixty (60) days after the receipt by the Club of a true and correct copy of the SPF Amendments.

19.6 Marquee. The County agrees to construct a marquee which shall be used to advertise events at the Domed Stadium including the Home Games of the Club. The Marquee shall be constructed outside the Domed Stadium at such location readily visible to pedestrian or vehicular traffic passing by or near the Domed Stadium as the Club and the County shall jointly determine is reasonable and in the best interests of the County, the Club, and other users of the Domed Stadium. The County will also determine the feasibility of constructing one or more additional marquees, based on available funds, and if feasible to construct any additional marquee, the County will confer with the Club as provided for in this section. The obligation of the County to construct any marquee is subject to the County obtaining the approval of all necessary governmental agencies.

19.7 Rights and Responsibilities of the American League. Nothing provided in Articles Sixteen and Seventeen of this Agreement should be deemed to waive the rights and responsibilities of the American League.

9. Baseball Exhibition Season. Section 5.3 of the Use Agreement, which was added by the 1982 Amendment, is hereby amended to read in its entirety as follows:

5.3 Baseball Exhibition Season. Notwithstanding Section 5.1 and 5.2 of this Agreement, in each year the Club shall have the exclusive use of the Domed Stadium to present exhibition baseball games during the period commencing seven (7) days before the Club's first regular American League schedule game, whether in the Domed Stadium or away (which period shall be known as the "Baseball Exhibition Season").

10. Dismissal of Pending Litigation: The Club agrees to (i) dismiss with prejudice all claims against the County which are alleged by the Club in the pending litigation between the Club, the County and Seattle Professional Football in the action entitled Seattle Mariners v. King County, (Kittitas County No. 84-2-00154-5) ("the pending litigation"); (ii) use its best efforts to resolve all disputes with Seattle Professional Football which are at issue in the pending litigation; and (iii) release the County from all claims relating to its demand for additional amounts of concession income from the County.

11. Office Building Option. The County and the Club agree that Section 11.3 of the Use Agreement, as amended, is hereby amended to read in its entirety as follows:

(e) The design and construction of the Building shall be in accordance with all applicable laws, ordinances and regulations, and the design shall further be subject to approval by the King County Design Commission, which approval shall not be unreasonably withheld. In the event construction of the Building

has not been commenced before January 31, 1989, then in such event all obligation of the County and right of the Club and/or the Owner/Developer to lease the Premises shall expire.

12. Schedule of Games. Subject to the agreement of Seattle Professional Football (SPF), Section 5.2 of the Use Agreement, as amended by the 1982 Amendments, is hereby amended to read in its entirety as follows:

5.2 Scheduling of Games. With regard to the overlapping of the home seasons of SPF and the Club, the Club shall schedule the playing of its Regular Home Games in the Domed Stadium in accordance with the following formula:

A. American League Regular Season Scheduling.

1. The Domed Stadium shall be available to SPF for scheduling home games during the months of August, September and October in each year of the Term as follows:

- a. For the month of August, the Domed Stadium shall be available to SPF on not less than two weekend dates (weekend dates, for purposes of August dates only, is defined as any date on a Friday through Sunday on which SPF or the National Football League (NFL) may choose to schedule an SPF home game).
- b. For the month of September, the Domed Stadium shall be available to SPF on not less than two Sunday dates.

- c. For the month of October, the Domed Stadium shall be available to SPF on not less than three weekend dates (weekend dates, for purposes of October dates only, is defined as any date on a Friday through Monday, on which the NFL or SPF may schedule a SPF home game); provided, American League Baseball divisional playoff, League Championship Series, and World Series dates are provided for as stipulated in subsection B. of this section.
2. Each year the Club and SPF shall divide equally the total number of Sunday dates in the month of September for purposes of scheduling home dates in the Domed Stadium. In those years that the month of September has five Sunday dates, the Club and SPF shall receive three out of the five Sunday dates on alternate years.
3. The first and second Sunday dates of the NFL regular season each year shall be divided equally between the Club and SPF; provided, that if in a given year American League scheduling requirements necessitate the use of both the first and second Sunday dates of the NFL regular season schedule for home games of the Club, the Club shall guarantee the following:
 - a. The last weekend (weekend is defined for purposes of this subsection as Friday through Sunday) of the NFL preseason schedule in the year in which the Club shall have scheduled home games on both the

first and second Sundays of the NFL regular season shall be available for the scheduling of an SPF preseason game in the Domed Stadium.

- b. In the following year, both the first and second Sunday dates of the NFL regular season schedule shall be available for the scheduling of SPF regular season games in the Domed Stadium.

B. Post-Season Scheduling.

During each year of the term, a sufficient number of home dates shall be reserved in October for purposes of scheduling the American League divisional playoffs, League Championship Series, and World Series games. SPF may each year schedule a home game in the Domed Stadium during the period of time reserved for American League Divisional Playoffs, League Championship Series and World Series games, provided, if the Club's team plays in any such post season games in a given year, SPF shall relinquish any conflicting scheduled home game and reschedule their game to another date in the Kingdome, and the Club shall have the right to play such post season game or games on the relinquished date or dates.

13. No Third Party Rights. Nothing contained in this Agreement is intended to give any party other than the Club and the County any right to enforce this Agreement, or any provisions herein.

14. Definition of "Control" or "Controlling Interest."

"Control" or "controlling interest," as used in the Use Agreement, refers to a majority of the voting interests in the Club, or a majority of the equity interests in the Club.

15. Section 1.22 of the Use Agreement is hereby amended to read as follows:

1.22 "Paid Attendance" refers to the aggregate number of tickets sold during a Season, which number may be greater or smaller than the total number of persons actually attending Regular Home Games (the turnstile count) during such Season.



7363

September 5, 1985

The Honorable Randy Revelle
King County Executive
King County Courthouse
516 3rd Avenue
Seattle, Washington 98104

Dear Randy:

I am pleased to join with you in endorsing the form and substance of the Agreement to Amend Use Agreement and Settle Claims that has been agreed to by us and approved by our attorneys.

Nothing worthwhile comes easily or without compromise. This agreement was certainly no exception, as we are both well aware. While compromises were made on both sides, we have managed to reach an agreement that has integrity, preserves the principal goals of the parties, creates the conditions in which needed capital can be attracted to strengthen the franchise and, thereby, helps to ensure the continuation of major league baseball at the Kingdome.

Through the sometimes difficult process that has produced this Agreement, the County has recognized the important role that major league baseball plays in the life and economy of the greater Seattle area and has demonstrated its commitment to keeping a financially strengthened club in the Kingdome.

This process has renewed my belief in the Seattle community and its desire to support the baseball team. In return, I declare my intention to continue building the Mariner organization, to present a competitive and contending team to the community, and to work toward bringing about needed changes in the economics of baseball on the national level.

Many people, in both public and private life contributed much time and tireless effort to helping us reach this landmark accord, I am deeply grateful for their interest, energy and support.

The Mariners are a young and improving club, whose building efforts will soon produce a championship team. We look forward with you to the first World Series in the Kingdome.

Sincerely,



George L. Argyros

GLA/jc