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MILWAUKEE BREWERS BASEBALL CLUB, INC.

MILWAUKEE COUNTY STADIUM
MILWAUKEE, WISCONSIN 53240

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PHONE: (414) 933-8660

September 23, 1969

Pacific Northwest Sports, Inc.
2700 Rainier Avenue, South
Seattle, Washington 98144

Attention: Mr. William R. Daley

Gentlemen:

The officers of Milwaukee Brewers Baseball Club, Inc. are interested in presenting to its stockholders a proposal for the purchase of the operating assets of Pacific Northwest Sports, Inc., exclusive of the stock interest in Pilot Properties, Inc.. It is understood that these assets include American League franchise and player contracts, along with minor items of equipment. The purchase would not be subject to any of the liabilities of Pacific Northwest, except obligations under player contracts and such other contracts with employees as may be appropriate under the circumstances. This is subject to approvals necessary to transfer the franchise to Milwaukee. If the following proposal is acceptable to Pacific Northwest Sports, Inc., it will be recommended to the stockholders of Milwaukee Brewers Baseball Club, Inc..

The proposal outlined below is designed to produce approximately \$11,300,000 to Pacific Northwest for the American League franchise and player contracts, plus minor items of equipment. The principal exclusion is Pacific Northwest's stock interest in Pilot Properties, Inc.. Milwaukee Brewers would, however,

Pacific Northwest Sports, Inc.
 September 23, 1969
 Page Two

enter into a long term lease with Pilot Properties, Inc., which would enable this corporation to fulfill its commitments and would provide the amounts needed to satisfy its loan obligations. The lease would be for a period of ten years at \$50,000 per year in lieu of the \$5,000 per year rent now being paid.

The purchase price to be paid by the Milwaukee Brewers for the aforementioned assets is \$10,200,000. Of this amount, \$2,000,000 would be paid by the assumption of Pacific Northwest's obligations under its loan agreement with Sports Services, Inc.; \$5,700,000 would be paid in cash at the closing, and \$2,500,000 by the issuance of the Milwaukee Brewers' note bearing interest at the rate of four percent (4%) per annum, payable in five equal annual installments on October 31, 1972 - 1976 inclusive.

In accordance with the foregoing proposal the amounts to be realized by Pacific Northwest for all of its assets (except cash, receivables and other liquid items) would be as follows:

Purchase price as indicated above
 Equity in Pilot Properties, Inc.
 Additional Rent for Spring Training
 Facilities at \$45,000 per Year
 for Ten Years

\$10,200,000
 \$ 650,000

 450,000
\$11,300,000

10,200,000.00
 650,000.00
 900,000.00
 11,750,000.00
 250,000.00
 12,000,000.00

TOTAL

The foregoing proposal contemplates that Pacific Northwest will retain its obligations under the stadium lease in Seattle, the payments due in 1970 and 1971 to the player pension fund and the indemnification payments due to the Pacific Coast League.

Pacific Northwest Sports, Inc.
September 23, 1969
Page Three

It should be noted that no account has been taken in the foregoing proposal of the additional two percent (2%) visiting teams share of game revenue and this, of course, is an obligation which would be assumed by Milwaukee Brewers. It is, however, a factor which, in our opinion, makes the Seattle franchise of lesser value than others to which it may be compared.

We are advised that William R. Daley has a 47% stock interest in Pacific Northwest. He has indicated an interest in retaining ownership in the franchise as transferred to Milwaukee. Peat, Marwick, Mitchell & Co. has prepared financial projections based on assumptions supplied by the Milwaukee Brewers which reflects a 47.5% ownership in the Milwaukee Brewers by Mr. Daley. It is anticipated that the cost of this investment will be \$950,000 and that in addition there would be required a non-interest bearing loan in the amount of \$317,000, repayable as soon as the cash position of the company is sufficient to warrant repayment. This price and loan is identical to the price and loan per share that will be paid by seven Milwaukee businessmen for their interests. It is not essential to the foregoing proposal that Mr. Daley acquire this large an interest in the Milwaukee Brewers, but his participation on this basis would be acceptable. The projections assume this, and would require revision in the event this is not acceptable.

The financial projections of the Milwaukee Brewers are submitted to Mr. Daley only, since he is, to our knowledge, the only member of the Pacific Northwest group who has indicated an interest in retaining ownership in the franchise when transferred to Milwaukee. We trust that these projections will be maintained in confidence and will be discussed with others than Mr. Daley only after obtaining Milwaukee Brewers consent.

Pacific Northwest Sports, Inc.

September 23, 1969

Page Four

In making the foregoing proposal we have in mind the initial suggested price by Pacific Northwest, which is clearly not acceptable to the Milwaukee group. We have attempted to arrive at a proposal which would be a fair compromise of the differences. We have done this after giving due consideration to the position of others who may be interested also in obtaining this franchise.

By making this proposal, the management will commit themselves to submitting it to their shareholders, with a recommendation that it be approved. However, the management reserves the right, at any time prior to acceptance by Pacific Northwest and the execution of a definitive written agreement, to withdraw the proposal. We expect it will be acted upon within a reasonable period of time by Pacific Northwest and its stockholders.

It should be understood also that the foregoing shall not prevent the management of the Milwaukee Brewers from entering into or continuing any negotiations for the acquisition of any other major league franchise.

Very truly yours,

MILWAUKEE BREWERS BASEBALL CLUB, INC.

Allan H. Selig, President