FORM PTO-1594
(Rev. 6-93)
OMB No. 0651-0011 (exp. 4/94)

10-13-1998

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COVER SHEET
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U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

Tab settings ⇨ ⇨ ⇨ ▼ ▼ ▼ ▼

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

MRS 10-13-98

1. Name of conveying party(ies):

NAE Sports LLC

- ❑ Individual(s)
- ❑ Association
- ❑ General Partnership
- ❑ Limited Partnership
- ❑ Corporation-State
- XX Other Delaware limited liability company

Additional name(s) of conveying party(ies) attached? ❑ Yes ❑ No

2. Name and address of receiving party(ies):

Name: New York Sports Ventures, LLC

Internal Address:

Street Address: Nassau Veteran's Memorial Coliseum

City: Uniondale State: NY ZIP: 11553

- ❑ Individual(s) citizenship
- ❑ Association
- ❑ General Partnership
- ❑ Limited Partnership
- ❑ Corporation-State
- XX Other Delaware limited liability company

If assignee is not domiciled in the United States, a domestic representative designation is attached: ❑ Yes ❑ No

(Designations must be a separate document from assignment)

Additional name(s) & address(es) attached? ❑ Yes ❑ No

3. Nature of conveyance:

- ❑ Assignment
- ❑ Merger
- ❑ Security Agreement
- ❑ Change of Name
- XX Other Purchase And Sale Agreement

Execution Date: October 14, 1997

4. Application number(s) or patent number(s):

A. Trademark Application No.(s)

74/646,848 74/647,149 75/167,356

B. Trademark Registration No.(s)

2,019,857 2,027,733 970,427
970,428 970,429 1,694,498
1,722,053 2,095,297 1,927,741 1,905,606

Additional numbers attached? ❑ Yes XX No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Samantha Payne

Internal Address: NHL Enterprises, L.P.

Street Address: 1251 Ave. of the Americas

City: New York State: NY ZIP: 10020-1198

6. Total number of applications and registrations involved: 13

7. Total fee (37 CFR 3.41).....$ 340.00

- ❑ Enclosed
- XX Authorized to be charged to deposit account

8. Deposit account number:

500205

(Attach duplicate copy of this page if paying by deposit account)

10/15/1998 JSHABAZZ 00000094 500205 74646848

01 FC:481 40.00 CH
02 FC:482 300.00 CH

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Mary J. Sotis — Name of Person Signing

Mary J. Sotis — Signature

10/9/98 — Date

Total number of pages including cover sheet, attachments, and document: 7

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box Assignments
Washington, D.C. 20231

PURCHASE AND SALE AGREEMENT

by and among

NAE SPORTS LLC, WG ISLANDERS, L.P.,

and FLI ISLANDERS, L.P., as Sellers

and

NEW YORK SPORTS VENTURES, LLC, as Purchaser

Dated as of October 14, 1997

R&O-323161.11

TABLE OF CONTENTS

ARTICLE I

DEFINITIONS

ARTICLE II

PURCHASE AND SALE

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

ARTICLE V

COVENANTS OF THE SELLERS PENDING THE CLOSING

ARTICLE VI

COVENANTS OF THE PURCHASER

ARTICLE VII

CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE PURCHASER

ARTICLE VIII

CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE SELLERS

ARTICLE IX

TERMINATION, REMEDIES, AMENDMENT AND WAIVER

ARTICLE X

SURVIVAL AND INDEMNITY

ARTICLE XI

OTHER AGREEMENTS

ARTICLE XII

MISCELLANEOUS

EXHIBITS

SCHEDULES

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT, dated as of October 14, 1997, is made and entered into by and between NAE SPORTS LLC, a Delaware limited liability company ("**NAE**"), WG ISLANDERS, L.P., a ~~New York~~ Delaware limited partnership ("**WG**"), and FLI ISLANDERS, L.P., a ~~New York~~ Delaware limited partnership ("**FLI**") (collectively, NAE, WG, and FLI are the "**Sellers**"), on the one hand, and NEW YORK SPORTS VENTURES, LLC, a Delaware limited liability company (the "**Purchaser**"), on the other hand. (see 1/16/98 amendment)

W I T N E S S E T H:

WHEREAS, the parties desire to enter into this Agreement pursuant to which the Sellers will sell to the Purchaser and the Purchaser will buy, for the consideration hereinafter specified, either (x) all the issued and outstanding partnership interests of New York Islanders Hockey Club, L.P. (the "**Company**"), a New York limited partnership operating pursuant to the July 1997 Amended and Restated Agreement of Limited Partnership dated July 25, 1997 (the "**Existing Partnership Agreement**"), by and among NAE, WG, FLI and N.A.E. Inc., a New York corporation[1], other than the Class B Partnership Interests (such term and each other capitalized term used but not defined herein having the meaning given it in Article I) or (y) all of the issued and outstanding partnership interests of the Company.

NOW, THEREFORE, in consideration of the premises set forth above and the mutual promises and covenants hereinafter contained, and intending to be legally bound, the undersigned parties hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 Definitions. The following terms, as used herein, shall have the following meanings:

"**Affiliate**" shall mean with respect to any specified person, any person that directly or indirectly controls, is controlled by or under common control with such specified person. As used in this definition, the term "**control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of another person, whether through the ownership of equity securities, by contract or otherwise.

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[1] N.A.E. Inc. will, prior to Closing, transfer its partnership interest in the Company to NAE Sports LLC.

"**Agreement**" shall mean this Purchase and Sale Agreement by and among the Purchaser and the Sellers, as it may be amended from time to time in accordance with Section 9.3 hereof, and shall include the Disclosure Schedules and Exhibits hereto.

"**Class A Partnership Interests**" and "**Class B Partnership Interests**" shall mean, respectively, the Class A Partnership Interests and the Class B Partnership Interests in the Company that, if the Full Purchase Election is not made, will be created pursuant to the Pre-Closing Partnership Amendment and that will exist under the New Partnership Agreement (including amendments thereto that are approved in writing by the Purchaser and the Sellers).

"**Closing**" shall mean, if the Full Purchase Election is not made, the closing of the purchase of the Class A Partnership Interests by the Purchaser, and the sale of the Class A Partnership Interests by the Sellers and, if the Full Purchase Election is made, the closing of the purchase of the Existing Interests by the Purchaser, and the sale of the Existing Interests by the Sellers, as provided in Article II hereof.

"**Closing Date**" shall mean the later of January 9, 1998 or the sixth business day after the NHL Approval Date, or such later date on which the conditions to Closing are first satisfied.

"**Credit Agreement**" shall mean the Credit Agreement, dated as of March 31, 1997, between the Company and Fleet National Bank as Lender and as Administrative Agent, as amended.

"**Damages**" shall mean any loss, claim, liability, obligation, fine, penalty, cost or expense (including reasonable attorneys' fees, court costs and other expenses) or other damage of any kind or nature.

"**Disclosure Schedules**" shall mean the schedules to this Agreement attached hereto, as the same may be amended pursuant to Section 5.8 hereof.

"**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"**Escrow Agreement**" shall mean the agreement dated of even date herewith relating to the escrow of the Deposit.

"**Existing Interests**" means all partnership interests in the Company owned by the Sellers on the date hereof together with the interest of N.A.E. Inc. to be acquired by NAE prior to the Closing.

"**Fleet Consent**" shall mean either (i) a document or documents duly signed and delivered by Fleet National Bank, as lender and as administrative agent, reflecting the consent of the lender under the Credit Agreement to the acquisition by the Purchaser of the Class A Partnership Interests or the Existing Interests, as the case may be, and amending the Credit Agreement on terms reasonably acceptable to the Purchaser or (ii) delivery of all notes issued by the Company under the Credit Agreement marked "cancelled" and evidence reasonably satisfactory to the Sellers that all obligations of the Company and the Sellers under the Credit Agreement have been terminated.

"**Fleet Release**" shall mean a document or documents duly signed by Fleet National Bank reflecting the release of the Sellers from any liability under the Credit Agreement and the release of any security interest on any Existing Interest or Class B Partnership Interest.

"**Fleet Reserve Accounts**" shall mean the bank accounts in place, for the benefit of Fleet National Bank pursuant to the Credit Agreement, to fund the Company's interest expenses and operating deficits.

"**GAAP**" shall mean generally accepted accounting principles in the United States, as historically applied by the Company.

"**General Warranty**" shall mean any representation or warranty contained in this Agreement, other than a Tax Warranty.

"**General Warranty Expiration Date**" shall mean (i) with respect to claims based in tort, the third anniversary of the Closing Date and (ii) with respect to claims based on matters other than torts, the earlier of December 31, 1999 or 60 days after delivery of the audited financial statements of the Company for the fiscal year ended May 31, 1999.

"**Governmental Entity**" shall mean any nation or government, any federal, state, county, province, city, town, municipality, local or other political subdivision thereof or thereto and any court, tribunal, department, commission, board, bureau, instrumentality, agency, counsel, arbitrator or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any other governmental entity with authority over the applicable persons, assets or properties.

"**Governmental Rule**" shall mean any law, judgment, order, decree, statute, ordinance, rule or regulation issued or promulgated by any Governmental Entity.

"**H-S-R Act**" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"**Liabilities**" shall mean any debt, liability, commitment or obligation of any kind or nature, whether secured or unsecured, known or unknown, accrued, fixed, absolute, contingent or otherwise, and whether due or to become due.

"**Lien**" shall mean any direct and indirect mortgage, deed of trust, pledge, security interest, charge, restriction on or condition to transfer, voting or exercise or enjoyment of any right or beneficial interest, option, right of first refusal and any other lien, claim, encumbrance, restriction and equity of any nature whatsoever (regardless of form and whether voluntary, involuntary, by operation of law or otherwise.)

"**Material Adverse Effect**" shall mean an effect which, individually or together with other effects, is materially adverse to (a) the business, assets, condition (financial or otherwise) or results of operations of the Company (whether or not the result thereof would be covered by insurance or indemnity), (b) any Seller's ability to perform its obligations under any of the Operative Documents, or (c) the validity, legality or enforceability of any of the Operative Documents.

"**May 31 Benchmark**" means $88,462,372.

"**Nassau Coliseum**" shall mean Nassau Veterans Memorial Coliseum in Uniondale, New York.

"**Nassau County Consent**" shall mean a document or documents duly signed and delivered by Nassau County (or any successor thereto) and, if required, by the authorized representatives thereof, including Spectacor Management Group, reflecting such persons' consent to the acquisition by the Purchaser of the Class A Partnership Interests or the Existing Interests, as the case may be, without causing a breach or an event of default under the Company's lease to the Nassau Coliseum.

"**NHL**" shall mean the National Hockey League, of which the Team is a member.

"**NHL Approval Date**" shall mean the day on which the requisite vote of the member clubs of the NHL approving the transactions contemplated herein is received and any conditions to such approval have been satisfied.

"**NHL Consent**" shall mean a document or documents duly signed and delivered by the NHL consenting to (i) the acquisition by the Purchaser of the Class A Partnership Interests or the Existing Interests, as the case may be, (ii) the Purchaser's financing arrangements, (iii) if necessary, any amendments to the Company's existing financing arrangements, and (iv) the release of each Seller and John O. Pickett, Jr. from all financial obligations in favor of the NHL.

"**Operative Documents**" shall mean this Agreement, the Assignment Agreement, the Building Note, the Escrow Agreement, the Nassau County Consent, the Fleet Consent, the NHL Consent, the Pre-Closing Partnership Amendment and the New Partnership Agreement, if applicable, and the Keep Well Agreement.

"**Permitted Encumbrances**" shall mean:

(a) any Lien arising prior to the Closing for Taxes related primarily to the operation of business of the Company (i) that are not yet due and payable and (ii) with respect to which appropriate reserves have been set aside on the Balance Sheet;

(b) workers or unemployment compensation Liens arising prior to the Closing and in the ordinary course of business related primarily to the operation of business of the Company (i) securing obligations that are not yet due and payable and (ii) with respect to which appropriate reserves have been set aside on the Balance Sheet;

(c) mechanic's, materialman's, supplier's, vendor's garnishment or similar Liens arising prior to the Closing and in the ordinary course of business that relate primarily to the operation of the business of the Company and with respect to which appropriate reserves have been set aside on the Balance Sheet; and

(d) the Liens or encumbrances listed on **Schedule 3.9** hereto.

"**Prime Rate**" shall mean, as of any date, the rate of interest per annum publicly announced from time to time as its prime rate of interest by Fleet National Bank, at its principal office in Boston, Massachusetts and in effect on such date.

"**Purchaser's Accountants**" shall mean Ernst & Young, or such other firm of independent accountants of recognized standing as the Purchaser may designate that are reasonably acceptable to the Sellers.

"**Purchase Price**" means the aggregate consideration to be paid by the Purchaser to the Sellers as provided in Section 2.2(a) or 2.2(b), whichever is applicable.

"**Sellers' Accountants**" shall mean KPMG Peat Marwick, or such other firm of independent accountants of recognized standing as the Sellers shall designate that are reasonably acceptable to the Purchaser.

"**Seller Percentage**" means, with respect to a given Seller, the following:

NAE	82.125%
WG	8.9375%
FLI	8.9375%

"**Tax Warranty**" shall mean any representation or warranty of the Sellers contained in Section 3.13 hereof pertaining to taxes other than income taxes and any provision of any other representation, warranty or covenant of the Sellers herein insofar as the same relates to any tax liability of the Company, or tax liability attributable to the Company's operations, other than income taxes.

"**Tax Warranty Expiration Date**" shall mean the expiration of the applicable statutory period of limitations (giving effect to any waiver or extension thereof).

"**Team**" shall mean the New York Islanders ice hockey team that is a member of the NHL.

"**Termination Date**" shall mean ~~January 31, 1998, unless extended pursuant to the side letter attached as **Exhibit D** hereto, in which case it shall be~~ February 28, 1998.

1.2 Other Defined Terms. The following terms shall have the meanings given such terms in the Sections set forth below:

Term	Section
AAA	12.5
Adjusted Full Purchase Amount	2.4(e)
Arbitrator	12.5
Assignment Agreement	2.6(f)
Audited Financial Statements	3.7
Balance Sheet	3.7
Base Preference Amount	2.4(a)
Benefit Plans	3.19
Building Note	2.2(a)
Cash Purchase Price	2.2
Closing Date Net Liabilities Statement	2.4(b)
Corridor Club Litigation	10.2(a)(iv)
Deposit	2.2(c)
Determination Date	10.2(f)
Escrow Agent	2.2(c)

Exclusive Negotiation Period	5.6
Existing Partnership Agreement	Preamble
Full Purchase Closing Payment	2.4(z)
Full Purchase Election	2.7
Full Purchase Escrow	10.2(g)
Independent Auditor	2.4(c)
Jointly Selected Arbitrator	12.5
Keep Well Agreement	8.6
Multiemployer Plan	3.19(e)
Net Liabilities	2.4(f)
New Partnership Agreement	2.4(a)
NHL Entity	3.5
Notice of Objection	2.4(c)
Partnership Agreement	3.4
Phase I	5.5
Pre-Closing Partnership Amendment	2.1
Purchase Documents	4.1(a)
Purchaser's Arbitrator	12.5
Purchaser's Consultant	5.5
Recoveries Escrow	10.4(c)
Sale Transaction	5.6
Section 10.4 Matter	10.4(a)
Seller's Arbitrator	12.5
Spano Damages	10.2(a)(iii)
Taxes	3.13
Taxing Authority	3.13
Third Arbitrator	12.5
WARN Act	6.4

1.3 Accounting Terms. All accounting terms not specifically defined in this Agreement shall be construed in accordance with GAAP.

1.4 Interpretation. The use herein of the singular form also denotes the plural form, and the use of the plural form herein also denotes the singular form, as in each case the context may require. The words "**include**", "**includes**" and "**including**" as used in this Agreement shall be deemed to be followed by the phrase "**without limitation**". The term "**or**" is not exclusive. References to any Governmental Rule means such Governmental Rule as amended, modified, codified, reenacted, supplemented or superseded in whole or in part, and in effect from time to time.

1.5 United States Dollars. For all purposes herein, reference to dollars or the symbol "$" shall refer to United States legal tender.

ARTICLE II

PURCHASE AND SALE

2.1 Partnership Interests to be Purchased.

(a) In the event that the Purchaser does not make the Full Purchase Election, immediately prior to the Closing each of the Sellers shall execute an amendment to the Existing Partnership Agreement mutually satisfactory to the Sellers and the Purchaser pursuant to which the Existing Interests will be reclassified into the Class A Partnership Interests and the Class B Partnership Interests (the "**Pre-Closing Partnership Amendment**"). Subject to the terms and conditions contained in this Agreement, in such event each Seller agrees to sell, assign and transfer to the Purchaser all of such Seller's right, title and interest in and to such Seller's Class A Partnership Interest, and the Purchaser agrees to purchase each Seller's Class A Partnership Interest, in each case free and clear of all Liens, except Liens in favor of the NHL which are disclosed on **Schedule 3.9** or exist by virtue of the NHL constitution or by-laws, Liens under the Existing and New Partnership Agreements and Liens existing by virtue of applicable securities laws. In such event, the Class B Partnership Interests shall be retained by the Sellers and shall be subject to the terms of the New Partnership Agreement.

(b) In the event that the Purchaser makes the Full Purchase Election, then subject to the terms and conditions contained in this Agreement, each Seller agrees to sell, assign and transfer to the Purchaser all of such Seller's right, title and interest in and to all Existing Interests owned by such Seller, and the Purchaser agrees to purchase each Seller's Existing Interests, in each case free and clear of all Liens, except Liens in favor of the NHL which are disclosed on **Schedule 3.9** or exist by virtue of the NHL constitution or by-laws, Liens under the Existing Partnership Agreement and Liens existing by virtue of applicable securities laws.

2.2 Purchase Price.

(a) In the event that the Full Purchase Election is not made by the Purchaser and the provisions of Section 2.1(a) apply, the aggregate consideration to be paid by the Purchaser to the Sellers for the Class A Partnership Interests shall consist of (i) ~~$40,000,000~~ payable in cash at Closing (the "**Cash Purchase Price**"), and (ii) a contingent promissory note of the Purchaser in the aggregate principal amount of ~~$15,000,000~~, having the same form, terms and provisions as **Exhibit A** hereto (the "**Building Note**").

(b) In the event that the Full Purchase Election is made by the Purchaser and the provisions of Section 2.1(b) apply, the aggregate consideration to be paid by the Purchaser to the Sellers for the Existing Interests shall consist of (i) the Cash Purchase Price payable in cash at Closing, (ii) an amount equal to the Adjusted Full Purchase Amount (of

24,650,00

which an amount equal to ~~$41,650,000~~ (the "**Full Purchase Closing Payment**") shall be payable as provided in Section 10.2(g) in cash at Closing, subject to subsequent adjustment as provided in Section 2.4(e)), and (iii) the Building Note ~~Loan~~ ERP. Notes | PHO Closing Note

(c) Upon execution of this Agreement, the Purchaser shall deposit the sum of $3,000,000 (the "**Deposit**") into an escrow account held by IBJ Schroder Bank & Trust Company (the "**Escrow Agent**") pursuant to the Escrow Agreement. At the Closing, (i) the Purchaser shall pay the Cash Purchase Price less so much of the Deposit (not including interest thereon) as is simultaneously delivered to the Sellers pursuant to the Escrow Agreement and (ii) the Escrow Agent shall pay the Deposit together with interest thereon, each by wire transfer in immediately available funds to the Sellers in accordance with their written instruction (signed by each Seller) setting forth the amount of the Purchase Price to be received by each Seller, to such account or accounts as the Sellers shall specify in such written instruction. The Purchase Price shall be allocated among and paid to the Sellers in accordance with written instructions, signed by each Seller, delivered to the Purchaser at Closing.

(d) The Purchaser and the Sellers shall negotiate in good faith to agree prior to the Closing upon a Purchase Price allocation for tax purposes, including for purposes of making adjustments to the Company's assets for purposes of Section 755 of the Internal Revenue Code of 1986, as amended and for purposes of revaluing the Company's assets pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(f).

2.3 Time and Place of Closing. The Closing shall take place at the offices of Richards & O'Neil, LLP, 885 Third Avenue, New York, New York, at 10:00 a.m. on the Closing Date, or at such other time and place as shall be agreed upon by the Sellers and the Purchaser.

2.4 Partnership Agreement.

(a) Subject to Section 2.7, at the Closing the Purchaser and the Sellers shall execute and deliver an Amended and Restated Agreement of Limited Partnership of New York Islanders Hockey Club, L.P., having the same form, terms and provisions as **Exhibit B** hereto (the "**New Partnership Agreement**"), subject to the understanding that the final calculation of the "**Base Preference Amount**" (as such term is defined in Section 7.1(e) of the New Partnership Agreement) shall be subject to adjustment in accordance with Section 2.4(d) and Section 10.2(f) below.

(b) Within 120 days after the Closing Date, the Sellers shall deliver to the Purchaser a statement (the "**Closing Date Net Liabilities Statement**") of the Net Liabilities of the Company, together with an audit report thereon by the Sellers' Accountants, as of the

close of business on ~~the Closing Date~~ January 31, 1998, determined in accordance with GAAP and adjusted in accordance with **Annex A**.

(c) Unless the Purchaser notifies the Sellers in writing within 45 days after the Purchaser's receipt of the Closing Date Net Liabilities Statement of any objection to the calculation of the Net Liabilities set forth therein (the "**Notice of Objection**"), such calculation shall be final and binding. During such 45-day period, the Purchaser and its representatives shall be permitted to review the working papers of the Sellers and the Sellers' Accountants relating to the Closing Date Net Liabilities Statement. Any Notice of Objection shall specify in reasonable detail the basis for the objections set forth therein. The Sellers and the Purchaser acknowledge that (A) the sole purpose of the determination of the Closing Date Net Liabilities is to adjust the Base Preference Amount and (B) such adjustment can be measured only if the calculation is done using GAAP and the adjustments set forth in **Annex A**. If the Purchaser provides such Notice of Objection to the Sellers within such 45-day period, the Purchaser and the Sellers shall, during the 45-day period following the Purchaser's delivery of such Notice of Objection to the Sellers, attempt in good faith to resolve the Purchaser's objections. During such 45-day period, the Sellers and their representatives shall be permitted to review the working papers of the Purchaser and the Purchaser's Accountants relating to the Notice of Objection and the basis therefor. If the Purchaser and the Sellers are unable to resolve all such objections within such period, the matters remaining in dispute shall be submitted to the New York office of Anderson Worldwide (or, if such firm declines to act, to another public accounting firm of recognized standing mutually agreed upon by the Purchaser and the Sellers and, if the Purchaser and the Sellers are unable to so agree within ten days after the end of such 45-day period, then the Purchaser and the Sellers shall each select such a firm and such firms shall jointly select a third firm to resolve the disputed matter) (such determining firm being the "**Independent Auditor**"). The resolution of disputed items by the Independent Auditor shall be final and binding. The fees and expenses of the Independent Auditor shall be borne equally by the Purchaser the Sellers. The fees of Sellers Accountants shall be borne by the Sellers and those of the Purchaser's Accountants shall be borne by the Purchaser. After final determination of the Closing Date Net Liabilities, the Purchaser shall have no further right to make any claims against the Sellers in respect of, and to the extent of, any Liabilities included in the computation of the Closing Date Net Liabilities.

(d) Upon final determination of the Closing Date Net Liabilities in accordance with Section 2.4(c), if the Full Purchase Election shall not have been made, the Base Preference Amount of the Class B Partnership Interests as set forth in the New Partnership Agreement shall be increased by the amount by which the Net Liabilities as so determined are less than the May 31 Benchmark, or the Base Preference Amount shall be decreased by the amount by which the Net Liabilities as so determined are more than the May 31 Benchmark.

(e) Upon final determination of the Closing Date Net Liabilities in accordance with Section 2.4(c), if the Full Purchase Election has been made, the Full Closing Purchase Payment shall be increased by the amount by which Net Liabilities as so determined are less than the May 31 Benchmark and the Full Purchase Closing Payment shall be decreased by the amount by which Net Liabilities as so determined are greater than the May 31 Benchmark. The result so obtained shall be deemed to be the "**Adjusted Full Purchase Amount**". If the Adjusted Full Purchase Amount is greater than the Full Purchase Closing Payment, the Purchaser shall make payment to the Sellers of the amount of such difference and cause the entire Full Purchase Escrow as defined in Section 10.2(g) to be released to the Sellers. If the Adjusted Full Purchase Amount is less than the Full Purchase Closing Payment, the amount of any difference shall be paid to Purchaser from the Full Purchase Escrow and, if such difference exceeds the amount in the Full Purchaser Escrow, each Seller shall make payment to the Purchaser of an amount equal to its respective Seller Percentage of such excess. If applicable, the Purchaser shall cause the balance, if any, of the Full Purchase Escrow to be released to the Sellers. All such payments shall be made within five days of when the determination of Net Liabilities becomes final, together with interest thereon at the Prime Rate calculated on the basis of the number of days elapsed from the Closing Date to the date of payment. If the Full Purchase Election has been made no Seller shall make any distribution of the Full Purchase Closing Payment prior to the time when all payments required to be made by such Seller under this subsection (e) have been made unless the distributee agrees in writing with the Purchaser to be liable (to the extent of any such distribution received by it) for any payments due from such Seller hereunder. The form, terms and provisions of any such agreement shall be reasonably agreed upon prior to the Closing Date.

(f) The term "**Net Liabilities**" means the amount equal to the excess of the total liabilities of the Company over the sum of (x) the current assets of the Company and (y) those assets that would properly be included in the categories of "Notes Receivable and Other Assets" and "Other Receivables", as such categories are used in the Audited Financial Statements. For clarification, for purposes of determining the Closing Date Net Liabilities, such computations shall be made in accordance with GAAP, as adjusted in accordance with **Annex A.**

2.5 The Purchaser's Closing Deliveries. At the Closing, the Purchaser shall execute (where appropriate) and deliver to the Sellers each of the following:

(a) the portion of the Purchase Price (including the Building Note) due to the Sellers on the Closing Date, as provided in Article II;

(b) a certificate executed by an officer of the Purchaser certifying as of the Closing Date (i) a true and correct copy of the certificate of formation of the Purchaser, (ii) a true and correct copy of the portions(s) of the limited liability company agreement of the

Purchaser relating to the passage of the resolutions referred to in clause (iii) of this Section 2.5(b), and (iii) a true and correct copy of the resolutions of the managers or members of the Purchaser authorizing the execution, delivery and performance of this Agreement, the Building Note and (if the Full Purchase Election is not made) the New Partnership Agreement by the Purchaser and the consummation of the transactions contemplated hereby;

(c) a certificate executed by an officer of the Purchaser certifying that, as of the Closing Date, the conditions set forth in Sections 8.1 and 8.2 hereof have been satisfied;

(d) a copy of the certificate of formation of the Purchaser and all amendments thereto, certified as of a recent date by the Secretary of State of the State of Delaware;

(e) a certificate of the Secretary of State of the State of Delaware certifying as of a recent date the good standing of the Purchaser in such State;

(f) the Keep Well Agreement, New Partnership Agreement (if the Full Purchase Election is not made), the Full Purchase Escrow (if the Full Purchase Election is made) and opinion of Hogan & Hartson LLP required by Sections 8.6, 8.7, 8.8 and 8.15 hereof, respectively;

(g) instructions to the Escrow Agent authorizing release of the Deposit to the Sellers; and

(h) such other agreements, certificates, instruments, opinions and documents as may be reasonably requested by the Sellers and appropriate to carry out the intent of this Agreement and the other agreements contemplated hereby.

2.6 The Sellers' Closing Deliveries. At the Closing, the Sellers shall execute (where appropriate) and deliver to the Purchaser each of the following:

(a) a certificate executed by the Secretary of each of the Sellers certifying as of the Closing Date (i) a true and correct copy of the certificate of formation of each of the Sellers, (ii) a true and correct copy of the portion(s) of the partnership agreement or operating agreement of each of the Sellers relating to the passage of the resolutions referred in clause (iii) of this Section 2.6(a), and (iii) a true and correct copy of the resolutions of the managers, members or partners of each of the Sellers authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby by each of the Sellers;

(b) a certificate executed by the Secretary of the Company certifying as of the Closing Date (i) a true and correct copy of the certificate or articles of formation of the

Company, (ii) a true and correct copy of the partnership agreement of the Company, and (iii) a true and correct copy of the resolutions of the partners of the Company authorizing the execution, delivery and (if the Full Purchase Election is not made) performance of the Pre-Closing Partnership Amendment and the New Partnership Agreement by the Company;

(c) a certificate executed by an officer of each of the Sellers certifying that, as of the Closing Date, the conditions set forth in Sections 7.1 and 7.2 hereof have been satisfied;

(d) a copy of the certificate or articles of formation of the Company and each of the Sellers and all amendments thereto, each certified as of a recent date by the Secretary of the State of ~~New York~~ organization;

(e) a certificate of the Secretary of the State of ~~New York~~ certifying the good standing of the Company and each of the Sellers;

(f) an agreement in form and substance reasonably acceptable to the Purchaser sufficient to effect the assignment by the Sellers of the right, title and interest of the Sellers in all the outstanding partnership interests of the Company (other than the Class B Partnership Interests in case the Full Purchase Election is not made) (the "**Assignment Agreement**");

(g) the New Partnership Agreement (if the Full Purchase Election is not made), the Full Purchase Escrow (if the Full Purchase Agreement is made) and opinion of Richards & O'Neil, LLP required by Sections 7.6, 7.8 and 7.10 hereof, respectively; and

(h) such other agreements, certificates, instruments, opinions and documents as may be reasonably requested by the Purchaser and appropriate to carry out the intent of this Agreement and the other agreements contemplated hereby.

2.7 Full Purchase Election. The Purchaser may elect on not less than four business days notice to the Sellers prior to Closing not to purchase the Class A Interests and not to enter into the New Partnership Agreement and in lieu thereof to purchase all of the Existing Interests at Closing (a "**Full Purchase Election**"). In the event that a Full Purchase Election is made, the provisions of Sections 2.1(b) and 2.2(b) (and not Sections 2.1(a), 2.2(a) and 2.4(a)) shall apply. In the event that a Full Purchase Election is not made, the provisions of Sections 2.1(a), 2.2(a) and 2.4(a) (and not 2.1(b) and 2.2(b)) shall apply.

2.8 H-S-R Act Compliance. The Purchaser and the Seller shall each file or cause to be filed with the Federal Trade Commission ("**FTC**") and the United States Department of Justice ("**DOJ**") any notifications required to be filed under the H-S-R Act with respect to the transactions contemplated hereby, and the Purchaser and the Sellers shall

bear the costs and expenses of their respective filings; provided that the Purchaser shall pay the filing fee in connection therewith. The Purchaser and the Sellers shall use their respective best efforts to make such filings as soon as practicable after the Purchaser determines that they wish to make a Full Purchase Election. The Purchaser agrees that it will not make a Full Purchase Election if the effect thereof would be to cause a closing which would, but for the passage of the waiting period under the H-S-R Act occur before January 31, 1998 from so occurring. The Purchaser and the Sellers shall keep each other fully apprised of any communications with, and inquiries or requests for additional information from, the FTC and the DOJ and any other governmental authorities, and shall comply promptly with any such inquiry or request. In addition, the Purchaser and the Sellers shall give each other notice in advance of any meetings (including telephonic meetings) with the FTC and DOJ or any other governmental authorities and shall permit the other party to participate therein.

2.9 Further Assurances. In addition to the actions, documents and instruments specifically required to be taken or delivered hereby, the Sellers and the Purchaser shall execute and deliver such other instruments and take such other actions as the other party, or their counsel, may reasonably request in order to consummate the transactions contemplated by this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

Each of the Sellers hereby represents and warrants to the Purchaser, individually as to such Seller in case of Section 3.1 and jointly and severally as to all other representations and warranties, as follows:

3.1 Organization and Authority.

(a) NAE represents and warrants that it is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. Each of WG and FLI represents and warrants that it is a limited partnership duly organized and validly existing under the laws of the State of ~~New York~~ Delaware. Each of the Sellers represents and warrants that (i) such Seller has all requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby, (ii) the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by such Seller and no other proceedings on such Seller's part are necessary to authorize this Agreement and the transactions contemplated hereby, and (iii) except for the NHL Consent, the Fleet Consent, the Nassau County Consent and as set forth on **Schedule 3.1**, no consent, approval or authorization of any third party (including any Governmental Entity) is required in connection with the execution and delivery by such Seller

of this Agreement, the transactions contemplated hereby and the performance by such Seller of its obligations hereunder.

(b) Each of the Sellers represents and warrants that except for the NHL Consent, the Fleet Consent, the Nassau County Consent and except as set forth on **Schedule 3.1** hereto, the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and compliance with the provisions of this Agreement will not (i) conflict with, result in a breach of or constitute a default under any of the terms, conditions or provisions of the organizational or governing documents of such Seller, (ii) violate, constitute a default under or permit the termination of any agreement or instrument to which such Seller is a party or by which any part of its properties or assets are bound, (iii) result in the acceleration of the maturity of any debt or obligation of such Seller or in the creation or imposition of any Lien upon any of the properties or assets of such Seller or (iv) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to such Seller or their respective properties or assets.

(c) Each of the Sellers represents and warrants that this Agreement constitutes a valid and binding obligation of such Seller enforceable against such Seller in accordance with its terms except to the extent that (i) such enforcement may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws affecting the enforcement of creditors, rights generally and general principles of equity, and (ii) certain of the covenants contained herein may not be specifically enforceable and courts may award money damages rather than specific performance of contractual provisions involving matters other than the payment of money.

(d) Each of the Sellers represents and warrants that such Seller owns its portion of the Existing Interests, as of the date hereof (and NAE represents and warrants that N.A.E. Inc. owns its portion of the Existing Interests on the date hereof) and will own, as of the Closing Date, (x) if the Full Purchase Election is not made, its portion of the Class A Interests and (y) if the Full Purchase Election is made, its portion of the Existing Interests (and NAE represents and warrants that, as of the Closing Date, it will own, if the Full Purchase Election is not made, the Class A Interest that would be issuable to N.A.E. Inc. and, if the Full Purchase Election is made, that it will own the Existing Interest owned by N.A.E. Inc.), in each case free and clear of any Liens except for the rights of the Purchaser under this Agreement, Liens relating to the Credit Agreement which are disclosed in **Schedule 3.9**, Liens in favor of the NHL which are disclosed on **Schedule 3.9** or exist by virtue of the NHL constitution or by-laws, Liens under the Existing and New Partnership Agreements and Liens existing by virtue of applicable securities laws. All Liens relating to the Credit Agreement and Liens in favor of the NHL (other than those which exist by virtue of the NHL constitution or by-laws) are set forth on **Schedule 3.9** hereto.

3.2 Organization and Authority of the Company. The Company is a limited partnership duly organized and validly existing under the laws of the State of New York and has all requisite power and authority to carry on its business as presently conducted and to own or lease and to operate its properties.

3.3 Capitalization of the Company. All the issued and outstanding partnership interests of the Company are owned as of the date hereof as set forth on **Schedule 3.3** hereto. The Existing Interests constitute, as of the date hereof, all of the issued and outstanding partnership interests of the Company. If the Full Purchase Election is not made, the Class A Partnership Interests and Class B Partnership Interests described in **Schedule 3.3** will constitute, as of the Closing Date, all of the issued and outstanding partnership interests of the Company. If the Full Purchase Election is made, the Existing Interests will constitute, as of the Closing Date, all of the issued and outstanding partnership interests of the Company. Except as set forth on **Schedule 3.3** hereto and for the rights of the Purchaser under this Agreement, the Company does not have outstanding, and neither the Company nor any Seller is bound by, any subscription, option, warrant or other right, call or commitment to issue, or any obligation or commitment to purchase or sell, any interest in the Company or any securities convertible into or exchangeable for any interest in the Company.

3.4 Organizational Documents. The copies of the certificate of limited partnership, certified by the Secretary of State of the State of New York, and of the July 1997 Amended and Restated Agreement of Limited Partnership of the Company (the "**Partnership Agreement**") certified by the General Partner of the Company, heretofore delivered to the Purchaser, are true and complete copies of such instruments as amended to the date of this Agreement and are in full force and effect on the date hereof.

3.5 Subsidiaries. Except as set forth on **Schedule 3.5** hereto or the following sentence, there are no corporations, partnerships, limited liability companies, associations or other business organizations in which the Company owns, directly or indirectly, any shares of capital stock or other equity interests. Except as set forth in **Schedule 3.5**, the Company owns all of the equity interests in Nassau Holdings and Nassau Holdings is an inactive corporation without operations, assets or Liabilities of any kind. With respect to each business organization listed on **Schedule 3.5** in which the Company and each other member of the NHL own interests (an "**NHL Entity**"), the Company's ownership of such interest in such NHL Entity is not subject to any agreements or understanding with the NHL and its Affiliates that are not generally applicable to all members of the NHL.

3.6 H-S-R Act. No representation or warranty is made herein as to any requirement of the Sellers to make any filings with the Federal Trade Commission and the Department of Justice under the H-S-R Act and the rules and regulations thereunder.

3.7 Financial Statements.

(a) Attached hereto as **Schedule 3.7** are the audited balance sheets of the Company at May 31, 1996, and May 31, 1997 (such balance sheet at May 31, 1997 is referred to as the "**Balance Sheet**"), respectively, and the related statements of operations and partners deficiency and statements of cash flows for the fiscal years then ended, accompanied by the report of KPMG Peat Marwick included therein (collectively, the "**Audited Financial Statements**"). The Audited Financial Statements have been prepared in accordance with GAAP (except as may be indicated therein or in the notes thereto) and fairly present in all material respects the financial condition of the Company as of the date thereof and the results of operations and changes in financial position of the Company for the periods indicated.

(b) Except for Liabilities (including with respect to Nassau Holdings) that (i) are disclosed or to the extent reserved against in the Balance Sheet, (ii) have been specifically disclosed in the Disclosure Schedules hereto, (iii) would otherwise have been required to be disclosed in the Disclosure Schedules but for the fact that the applicable representation and warranty (**x**) contained dollar limitations or (**y**) if the representation and warranty is qualified by the Company's or the Sellers' "knowledge", due to lack of such knowledge (provided, however, that such liabilities referred to in this subsection (iii) in the aggregate would not have a Material Adverse Effect on the Company) or (iv) have been incurred since May 31, 1997, in the ordinary course of business of the Company consistent with past practice and which, individually or in the aggregate, do not have a Material Adverse Effect on the Company, the Company does not, as of the date hereof, and will not, as of the Closing Date, have any Liabilities.

3.8 Absence of Changes. Except as set forth on **Schedule 3.8** hereto, since May 31, 1997, the Company has operated its business only in the ordinary course consistent with past practice and there has not been any change in the business, assets, condition (financial or otherwise) or results of operations of the Company or any damage, destruction or loss (whether or not covered by insurance) to the assets of the Company, individually or in the aggregate, having a Material Adverse Effect.

3.9 Title to Properties, Liens. Except as set forth in **Schedule 3.9**, the Company has good and marketable title to, or valid leasehold interests in, all its properties and assets except for defects in title, easements, restrictive covenants and similar encumbrances or impediments that, in the aggregate, do not and will not materially interfere with its ability to conduct its business as currently conducted. All such assets and properties, other than assets and properties in which the Company has leasehold interests, are free and clear of all Liens other than those set forth in **Schedule 3.9** or Permitted Encumbrances.

3.10 Personal Property. **Schedule 3.10** hereto contains a list of all items of personal property (other than items having a book value of less than $20,000 individually)

owned by the Company. Except as set forth on **Schedule 3.10**, all such assets are in good working condition and repair, are adequate for the uses to which they are being put or would be put in the ordinary course of business and conform to the requirements of all laws, ordinances and regulations applicable to their use and ownership or lease by the Company and none of such assets is in need of maintenance or repair except for ordinary, routine maintenance and repair.

3.11 Leases. Each lease of real property and each lease of personal property which has payments in excess of $20,000 per annum to which the Company is a party as lessor or lessee is set forth on **Schedule 3.11** hereto and is in full force and effect. The aggregate annual payments under leases not set forth on **Schedule 3.11** by virtue of the $20,000 threshold do not exceed $100,000. True and correct copies, or summaries in the case of oral leases, of all leases listed in **Schedule 3.11** have been made available to the Purchaser. Except as set forth on **Schedule 3.11** hereto, in the case of each such lease, there is no existing default or event of default by the Company as the lessee or lessor, nor to the best of the Sellers' knowledge does there exist any event or condition which, with notice or lapse of time or both, would constitute such a default or event of default by the Company. Except as set forth in **Schedule 3.11**, the Company has complied in all material respects with the terms of all leases to which it is a party and under which it is in occupancy. The Company enjoys peaceful and undisturbed possession under all such leases. To the best of the Sellers' knowledge, all such leases are enforceable in accordance with their respective terms except as such enforceability may be limited by bankruptcy, reorganization or similar law.

3.12 Licenses and Permits. The Company has all licenses and permits and other governmental authorizations and approvals required for the lawful operation of its business and the use of its properties as presently operated or used, and such licenses, permits and authorizations are valid and subsisting and in full force and effect. There are no administrative proceedings, suits, demands or investigations pending or, to the knowledge of the Sellers, threatened which seek the revocation, cancellation, suspension or any adverse modification of any such license, permit or authorization. The Company is not in violation of the term of any such license, permit or authorization.

3.13 Taxes. "**Tax**" shall mean (i) any tax, governmental fee or other like assessment or charge of any kind whatsoever (including any tax imposed under Subtitle A of the Internal Revenue Code of 1986, as amended, and any net income, alternative or add-on minimum tax, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, license, withholding, payroll, employment, excise, severance, stamp, occupation, property, environmental or windfall profit tax, premium, custom, duty or other tax), together with any interest, penalty or addition to tax due from, or in respect of, the Company imposed by any Governmental Entity (domestic or foreign) responsible for the imposition of any such tax (a "**Taxing Authority**"), and (ii) any liability of the Company with respect to the payment of any amounts of the type described in (i) as a result of any

express or implied obligation to indemnify any other person. Except as set forth on **Schedule 3.13** hereto, (i) the Company has filed all Tax returns required under applicable law to be filed on or before the Closing Date in respect of any fiscal period ended on or before the Closing Date, and the Company has paid all taxes and other charges shown on said reports and returns due (except tax returns for which valid extensions of time for the filing of such tax returns are in effect and with respect to which the Company has adequately reserved) and all such returns are true, correct and complete; and (ii) the accruals or reserves for Taxes on the Balance Sheet are adequate to cover all Tax liabilities of the Company accruing through the date thereof. Except as set forth on **Schedule 3.13,** none of the tax returns or reports of the Company are under investigation or audit and there are no outstanding agreements or waivers extending the statutory period of limitations applicable to any tax return for any period, and no Tax liens have been filed and no material claims have been asserted in writing with respect to any Taxes of the Company. The Company has been classified as a partnership (and not as an association or other taxable entity) for United States tax purposes on and before the Closing Date and has made an election pursuant to Section 754 of the Code.

3.14 Certain Agreements. **Schedule 3.14** hereto contains a complete and correct list or description, as of the date of this Agreement, of all agreements of the following types to which the Company is a party or by which the Company or any of its properties is bound: (i) severance pay, deferred compensation, bonus, profit sharing, stock purchase, stock option, pension, retirement, long-term disability, hospitalization, insurance or similar plans providing employee benefits, (ii) written consulting service and/or employment contracts with respect to any individual or employee (other than player contracts), (iii) a list of all employees who do not have written employment agreements and their present annual rate of pay, (iv) non-competition and secrecy agreements, (v) player contracts, (vi) loan agreements, notes, mortgages, indentures, security agreements and other agreements and instruments relating to the borrowing of money and/or the encumbering of the Company's assets, (vii) franchise or license agreements between the Company and any third party other than agency agreements entered into in the ordinary course of business, (viii) agreements by the Company with the Sellers or with any officer, director, or partner of the Sellers, (ix) partnership or joint venture agreements of any kind, and (x) all other agreements requiring, in each case, aggregate payments or other consideration in excess of $50,000 or otherwise material to the business and operations of the Company during the remainder of their respective terms. All benefits to which the employees referred to in clause (iii) of this Section 3.14 are entitled are disclosed in **Schedule 3.19**. Except as set forth in **Schedule 3.14**, all of the agreements referred to in **Schedule 3.14** are in full force and effect. Except as set forth in **Schedule 3.14**, none of the rights of the Company in the agreements listed in **Schedule 3.14** will be impaired by reason of, or contain "change in control" provisions that may be triggered by, the consummation of the transactions contemplated by this Agreement. Copies of all documents listed in **Schedule 3.14** have been delivered or made available to the Purchaser and are true and complete in all respects and include all amendments and supplements thereto and modifications thereof. Each agreement on **Schedule 3.14** is a valid and binding obligation of

the Company. The Company is not in default and no notice of alleged default has been received by the Company under any agreement listed on **Schedule 3.14.** To the knowledge of the Company, no other person is in default or alleged to be in default under any of the agreements listed on **Schedule 3.14** and there exists no condition or event which after notice or lapse of time or both, would constitute a default by any party thereto. To the Sellers' knowledge, all of the agreements referred to in **Schedule 3.14** are enforceable in accordance with their respective terms expect as such enforceability may be limited by bankruptcy, reorganization or similar laws.

3.15 Litigation. Except as set forth in **Schedule 3.15** hereto, there is no action, suit or proceeding pending, threatened or, to the knowledge of the Sellers, any investigation, at law or in equity, before any arbitrator, court or other governmental authority, pending, nor any judgment, decree, injunction, award or order outstanding, against or in any manner involving the Company or any of its properties or rights. The Company is not in default under any judgment, order, injunction or decree of any Governmental Entity or arbitrator.

3.16 Compliance with Laws, Etc. The Company is not in violation of (i) any mortgage, indenture, instrument or agreement relating to indebtedness for borrowed money, (ii) any agreement or instrument to which it is a party or by which its assets are bound, (iii) any license, franchise, permit or other governmental authorization or approval, or (iv) the Company's NHL franchise and any applicable rules and regulations of the NHL. Subject to Section 3.20 hereof with respect to environmental laws, the Company has complied with all Governmental Rules applicable to it or any of its properties, assets or operations, including the provisions of the consolidated Omnibus Budget Reconciliation Act of 1985, as amended. Except as set forth on **Schedule 3.16** hereto, the Company has not received any written notice of any asserted violation of any such Governmental Rules and has not received notice that any investigation or review by any Governmental Entity is pending or contemplated.

3.17 No Violation. Except as set forth on **Schedule 3.17** hereto, the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and compliance with the provisions of this Agreement will not (i) conflict with, result in a breach of or constitute a default under any of the terms, conditions or provisions of the certificate of limited partnership or the Partnership Agreement of the Company, (ii) violate, constitute a default under or permit the termination of any agreement or instrument to which the Company is a party or by which any part of its properties or assets are bound, (iii) result in the acceleration of the maturity of any debt or obligation of the Company or in the creation or imposition of any lien, charge or encumbrance upon any of the properties or assets of the Company or (iv) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to the Company or its properties or assets.

3.18 Copyrights, Trademarks and Trade Names and Other Intellectual Property. The Company owns, or is licensed or otherwise has the full right to use, all copyrights, service marks, trademarks, trade secrets, patents (if any) and trade names used in the conduct of its business as currently conducted. **Schedule 3.18** hereto contains a complete list of all registered copyrights, service marks, trademarks and trade names used by the Company, all applications therefor, all unregistered trademarks, service marks and copyrights for which no applications for registration are pending and all licenses and other agreements relating thereto, which are material to the conduct of the business of the Company. Except to the extent set forth in said **Schedule 3.18**, no consent of third parties will be required for the use thereof by or on behalf of the Purchaser upon completion of the transactions contemplated by this Agreement. Except as set forth on **Schedule 3.18**, no claims, security interests or liens are pending, and, to the best of the Sellers' knowledge, presently being asserted or threatened by any person or entity relating to the use of any such copyrights, service marks, trademarks, trade secrets, patents, or trade names, or challenging or questioning the validity or effectiveness of any such registration, license or agreement; and to the best of the Sellers' knowledge, (i) the use of such copyrights, trademarks, service marks, trade secrets, patents and trade names by the Company does not infringe on the rights of any person, or, with respect to the use by Company of trademarks and service marks, dilute the rights of others and (ii) there is no infringing use by others of any Company-owned copyrights, service marks, trademarks, trade secrets, patents and trade names and no use by others of any marks which would constitute a dilution of any Company-owned trademarks or service marks.

3.19 Benefit Plans. **Schedule 3.19** hereto sets forth a true and complete list of each "employee benefit plan" (as defined in Section 3(3) of ERISA) and each other plan, program, contract, arrangement or understanding providing pension, profit-sharing, thrift, retirement, deferred compensation, commission, incentive, bonus, life, health, hospitalization, medical, disability, vacation or sick leave benefits to the employees, former employees, partners or former partners of the Company, its Affiliates or any person or entity required to be treated as a single employer with the Company under Section 414 of the Code (an "**ERISA Affiliate**") or with respect to which the Company or any ERISA Affiliate has any liability (collectively, the "**Benefit Plans**"). To the extent applicable, the Sellers have delivered to the Purchaser (i) current copies of, and all amendments to, the plan document and any related trust agreement for each Benefit Plan other than NHLPA Benefit Plans, Minor League Benefit Plans and collective bargaining agreements, (ii) the three most recent Forms 5500 required to be filed with respect to any Benefit Plan other than NHLPA Benefit Plans and Minor League Benefit Plans, (iii) the most recent determination letter, if any, issued pursuant to Section 401(a) of the Code with respect to any Benefit Plan, (iv) the current summary plan description for each Benefit Plan, (v) copies of agreements with third party administrators, insurance companies and other independent contractors that relate to any Benefit Plan other than the NHLPA Benefit Plans and Minor League Benefit Plans, and (vi) any Internal Revenue Service or Department of Labor ruling, determination, opinion letter, funding waiver

or prohibited transaction exemption relating to a Benefit Plan, other than the NHLPA Benefit Plans and Minor League Benefit Plans.

(a) With respect to the Benefit Plans, except as set forth on **Schedule 3.19**, individually and in the aggregate, no violation has occurred and, to the knowledge of the Seller, there exists no condition or set of circumstances that constitute a violation, in connection with which the Company, its Affiliates and its ERISA Affiliates could be subject to any liability under ERISA, the Code or any other applicable law.

(b) Except as set forth on **Schedule 3.19**, each Benefit Plan intended to be qualified under Section 401(a) of the Code has been the subject of a determination letter from the Internal Revenue Service to the effect that such Benefit Plan is so qualified and, to the knowledge of the Seller, no event has occurred and no circumstances exist that would affect the qualification of any such Benefit Plan.

(c) Except as set forth on **Schedule 3.19**, each Benefit Plan has been administered in accordance with its terms. The Company, its Affiliates and its ERISA Affiliates and all the Benefit Plans are in compliance with the applicable provisions of ERISA, the Code and all other applicable laws and the terms of all applicable collective bargaining agreements.

(d) Except as set forth on **Schedule 3.19**, no employee or former employee of the Company or its Affiliates will be entitled to any additional benefits or any acceleration of the time of payment or vesting of any benefits under any Benefit Plan as a result of the transactions contemplated by this Agreement.

(e) Except as set forth on **Schedule 3.19**, no Benefit Plan is a "multiemployer plan" (as defined in Section 4001(a)(3) of ERISA (a "**Multiemployer Plan**"). As of the Closing Date, the Company, its Affiliates and its ERISA Affiliates would incur no material withdrawal liability under Section 4201 of ERISA if the Company, its Affiliates and its ERISA Affiliates incurred a complete or partial withdrawal from each Multiemployer Plan as of the Closing Date.

(f) Except as set forth on **Schedule 3.19**, all contributions to, any payments from, the Benefit Plans that may have been required to have been made in accordance with the terms of the Benefit Plan, any applicable collective bargaining agreement, ERISA or the Code have been made. There has been no application for, or waiver of, any contributions due to any Benefit Plan.

(g) Other than as set forth on **Schedule 3.19** or as required by Part 6 of Title I of ERISA, no Benefit Plans provide welfare benefits to former employees of the Company or its Affiliates.

(h) Except as set forth on **Schedule 3.19**, there is no pending or, to the knowledge of the Sellers, threatened action, suit, claim or grievance related to any of the Benefits Plans.

3.20 Compliance with Environmental Laws. Except as set forth on **Schedule 3.20** hereto, the Company has not received any notification from a governmental agency or other person that there is any violation of any environmental laws, ordinances, or regulations with respect to the business or properties of the Company. The Company operates its business and uses its properties in compliance with all applicable environmental laws, ordinances, regulations and rules, including without limitation any applicable federal, state, or local statute, law, or regulation relating to hazardous materials or substances or to the protection of the environment. The Company has not received any notification or request for information from a governmental agency pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, or any comparable state law. To the knowledge of the Company, no hazardous wastes, materials or substances have been transported from, disposed of or released at, on, under or from any property currently or formerly owned, leased or operated by the Company.

3.21 Labor Matters. Except as set forth in **Schedule 3.21**, (i) there are no collective bargaining or other labor union agreements to which the Company is a party or by which it is bound and (ii) to the knowledge of the Company, the Company has not encountered (and there is not pending) any labor union organizing activity, or had any actual or threatened employee strikes, work stoppages, slow-downs or lockouts to the knowledge of the Company, threatened. The hours worked by and payments made to employees of the Company have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. Except as set forth on **Schedule 3.21**, all payments due from the Company or for which any claim may be made against the Company, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of the Company. The consummation of the transactions contemplated by this Agreement will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which the Company is bound.

3.22 Insurance. **Schedule 3.22** contains a list (including the name of the insurer, coverage and expiration date) of all policies of insurance relating to the Company's business which are in force, maintained by the Company or in which the Company is named insured or on which the Company is directly or indirectly paying premiums. The Company has maintained and will continue to maintain through the Closing Date a reasonable and customary program of casualty and property insurance (which may include self-insurance) with respect to its business.

3.23 Adequacy of the Company's Assets. Except as described on **Schedule 3.23**, the assets owned, leased or licensed by the Company are all of the assets, properties, rights and claims used in the conduct of the Company's business and which are necessary or used to operate the Company's business in the same manner as it is currently being operated.

3.24 Full Disclosure. No representation or warranty contained in this Agreement or in the Schedules hereto omits to state a material fact necessary to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading.

3.25 Brokerage. Except for obligations for which one or more of the Sellers shall be exclusively liable, no broker or finder has acted directly or indirectly for the Sellers or the Company in connection with this Agreement or the transactions contemplated hereby, and no broker or finder is entitled to any brokerage or finder's fee or other commission in respect thereof based in any way on agreements, arrangements or understandings made by or, to the knowledge of the Sellers, on behalf of the Sellers or the Company.

3.26 Players' Physical Condition. Except as described on **Schedule 3.26** and except as to which there is publicly available information, none of the players has any illness, health condition or disability (other than a sports-related injury) which is known to any Seller (without any duty of inquiry) and as to which there is a material risk that such illness, condition or disability would cause such player to permanently cease to perform under his current player contract.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby represents, warrants and agrees as follows:

4.1 Organization and Authority.

(a) The Purchaser is a limited liability company duly organized and validly existing under the laws of the State of Delaware. The Purchaser has all requisite power and authority to execute and deliver this Agreement, the New Partnership Agreement and the Building Note (collectively, the "**Purchase Documents**") and to consummate the transactions contemplated thereby. The execution and delivery of the Purchase Documents and the consummation of the transactions contemplated thereby have been duly authorized by the Purchaser and no other proceedings are necessary to authorize the Purchase Documents and the transactions contemplated thereby.

(b) Each of the Purchase Documents constitutes the valid and binding obligation of the Purchaser enforceable against it in accordance with its terms except to the extent that (i) such enforcement may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity, and (ii) certain of the covenants contained herein may not be specifically enforceable and courts may award money damages rather than specific performance of contractual provisions involving matters other than the payment of money.

4.2 Consents and Approvals. Except as set forth on **Schedule 4.2** and except under agreements to which the Company or the Sellers are a party or to which they are subject, no consent, approval or authorization of, or declaration, filing or registration with, any third party (including any Governmental Entity) is required in connection with the execution and delivery by the Purchaser of the Purchase Documents and the consummation by the Purchaser of the transactions contemplated thereby. No representation or warranty is made herein as to any requirement of the Purchaser to make any filings with the Federal Trade Commission and the Department of Justice under the H-S-R Act and the rules and regulations thereunder.

4.3 No Violation. The execution and delivery of the Purchase Documents, the consummation of the transactions contemplated thereby and compliance with the provisions of this Agreement will not (a) conflict with, result in a breach of or constitute a default under any of the terms, conditions or provisions of the organizational or governing documents of the Purchaser, (b) violate or conflict with any material contractual restriction or commitment of any kind or nature to which the Purchaser is a party or by which it or its property may be bound or (c) violate or conflict with any law, regulation, rule, decree, statute, ordinance, judgment or order applicable to the Purchaser or its properties or assets.

4.4 Brokerage. No broker or finder has acted directly or indirectly for the Purchaser in connection with the Purchase Documents or the transactions contemplated thereby, and no broker or finder is entitled to any brokerage or finder's fee or other commission in respect thereof based in any way on agreements, arrangements or understandings made by or, to the knowledge of the Purchaser, on behalf of the Purchaser.

4.5 Ownership/Financial Obligations of the Purchaser. The Purchaser is a newly formed entity and except for liabilities incurred in connection with its organization and the transactions contemplated by this Agreement, including related debt and equity financings necessary to consummate this Agreement, the Purchaser has transacted no material business and incurred no material liabilities. **Schedule 4.5** sets forth a list of each member of the Purchaser and, if not an individual, of each direct and indirect owner thereof, including their respective direct and indirect ownership interests in the Purchaser and, as of the Closing Date, there will be no change in the ownership of more than 5% of such interests provided that if

the NHL shall not approve Steven M. Gluckstern as a member of the Purchaser because of his continuing ownership interest in the Phoenix Coyotes NHL Team, Steven M. Gluckstern may transfer his interests to any of the other members of the Purchaser. Neither the Purchaser nor any person listed on **Schedule 4.5** has granted any right to any third party to acquire any direct or indirect equity interest in the Purchaser.

4.6 Financing. On the Closing Date, the Purchaser will have (a) unrestricted access to immediately available funds sufficient in amount to pay the Cash Purchase Price and, if applicable, the Adjusted Full Purchase Amount, and (b) after payment of the Cash Purchase Price and, if applicable, the Adjusted Full Purchase Amount, the sum of the net worth of each member of the Purchaser or, if not an individual, of each direct and indirect owner thereof, who owns directly or indirectly 40% or more of the equity interest of the Purchaser will exceed $100,000,000. In addition, on the Closing Date, the Purchaser will cause and shall cause the delivery of the Fleet Consent, the Fleet Release and the release of the Fleet Reserve Accounts to NAE.

4.7 Investment Purpose. The Purchaser is purchasing the Class A Partnership Interests or the Existing Interests, as the case may be, for its own account for investment and not with a view to the resale or distribution thereof.

4.8 Reliance on Representations and Warranties and the Disclosure Schedules. Except for the representations and warranties made by the Sellers in this Agreement (and the Disclosure Schedules) and the documents executed or to be executed by the Sellers in connection herewith, the Purchaser has not relied on any representations and warranties made by agents or representatives of the Sellers or the Company, including, without limitation, those made in any documents or materials distributed to the Purchaser and its representatives.

4.9 Phoenix Coyotes. If the NHL Consent cannot be obtained because the NHL shall not have approved Steven M. Gluckstern as a member of the Purchaser because of his continuing ownership in the Phoenix Coyotes NHL Team, Purchaser shall cause Mr. Gluckstern to not be a member of Purchaser on or before the Termination Date.

ARTICLE V

COVENANTS OF THE SELLERS PENDING THE CLOSING

The Sellers, jointly and severally, covenant and agree that, except as otherwise consented to by the Purchaser, prior to the Closing:

5.1 Regular Course of Business. The Sellers shall cause the Company to carry on its business in the usual, regular and ordinary course in substantially the same

manner as heretofore conducted and shall use all commercially reasonable efforts to preserve intact the Company's current business organization, keep available the services of its current officers and employees and preserve its relationships with customers, suppliers, licensors, licensees, distributors and others having business dealings with it to the end that the goodwill and ongoing business of the Company shall be unimpaired on the Closing Date. During the period from the date of this Agreement to the Closing Date the Sellers agree to reasonably consult with the Purchaser prior to making any decisions materially affecting the operations of the Company. In addition, without limiting the generality of the foregoing, during the period from the date of this Agreement to the Closing Date, the Company shall not, without the prior written consent of the Purchaser (which consent shall not be unreasonably withheld):

(a) other than as provided in Section 2.1(a) in connection with the Pre-Closing Partnership Amendment, make any distributions to the partners; provided Company shall co pay interest on Bank Note

(b) except as contemplated by the Pre-Closing Partnership Amendment and by the New Partnership Agreement and for the transfer to NAE of the Existing Interests held by N.A.E. Inc., admit any additional limited or general partners of the Partnership or grant any options or make any other agreements or arrangements with respect thereto;

(c) acquire or agree to acquire (x) by merging or consolidating with, or by purchasing a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, joint venture, association or other business organization or division thereof or (y) any assets that are material, individually or in the aggregate, to the Company;

(d) sell, lease, license, mortgage or otherwise encumber or subject to any Lien or otherwise dispose of any of its properties or assets, except in the ordinary course of business consistent with past practice;

(e)(i) incur any indebtedness for borrowed money or guarantee any such indebtedness of another person, issue or sell any debt securities or warrants or other rights to acquire any debt securities of the Company or any of its subsidiaries, guarantee any debt securities of another person, enter into any "keep well" or other agreement (other than the Keep Well Agreement) to maintain any financial statement condition of another person or enter into any arrangement having the economic effect of any of the foregoing, except for (x) borrowings by the Company under its existing lines of credit under the Credit Agreement and (y) new borrowings not in excess of $5,000,000 in the aggregate upon terms and conditions that the Purchaser has consented to in writing (such consent not to be unreasonably withheld), or (ii) make any loans, advances or capital contributions to, or investments in, any other person, other than to the Company or any direct or indirect wholly owned subsidiary of the Company;

(f) make or agree to make any new capital expenditure or expenditures in the aggregate in excess of $50,000 over the $500,000 line item for capital expenditures in the current budget;

(g) except with respect to matters set forth on **Schedule 5.1(g)**, make any tax election or settle or compromise any income tax liability;

(h) except with respect to matters set forth on **Schedule 5.1(h)**, pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice or in accordance with their terms of liabilities (x) reflected or reserved against in, or contemplated by, the most recent consolidated financial statements (or the notes thereto) of the Company, (y) otherwise disclosed in the Disclosure Schedules hereto or (z) incurred in the ordinary course of business consistent with past practice, or waive the benefits of, or agree to modify in any manner, any confidentiality, standstill or similar agreement to which the Company or any of its subsidiaries is a party;

(i) amend or agree to amend any employment contracts (other than a player contract) or otherwise change or agree to change any employee benefit plan (other than NHL sponsored benefit plans);

(j) enter into any contract or agreement (other than a player contract), except in the ordinary course of business and consistent with past practices;

(k) amend or modify any of the contracts listed on **Schedule 5.1(k)**;

(l) enter into or agree to enter into any new player contract or extend or agree to extend any existing player contract that would have an effect beyond the 1997/1998 season; or

(m) authorize any of, or commit or agree to take any of, the foregoing actions.

5.2 Changes in Certificate of Limited Partnership, Etc. Except as required in connection with the execution of the Pre-Closing Partnership Amendment or the transfer of partnership interests from N.A.E. Inc. to NAE, no change shall be made in the certificate of limited partnership of the Company or the July 1997 Amended and Restated Agreement of Limited Partnership of the Company dated July 25, 1997.

5.3 Consents. The Sellers shall (a) assist the Purchaser in the Purchaser's efforts to obtain at the earliest practicable date and in any event before Closing, the NHL Consent, the Fleet Consent, and the Nassau County Consent, and (b) use commercially

reasonable efforts to obtain as soon as possible any or all other consents and governmental authorizations or approvals necessary to be obtained by the Sellers, or which are reasonably requested by the Purchaser, in order to consummate the transactions contemplated by this Agreement and to fulfill the conditions set forth in Article VII.

5.4 Confidentiality. Each of the Sellers shall, and shall cause its officers, counsel and other authorized representatives and affiliated parties to, hold in strict confidence, and not disclose to any other party, and not use in any way except in connection with the transactions contemplated hereby, without the prior written consent of the Purchaser, all information (including information related to associated financing) obtained from the Purchaser in connection with or related to the transactions contemplated by this Agreement, except such information may be disclosed (a) to the National Hockey League, its counsel and other authorized representatives in connection with the transactions contemplated by this Agreement, (b) where necessary to any regulatory authorities or governmental agencies, (c) if required by court order or decree or applicable law, (d) if it is publicly available or (e) if it is otherwise expressly contemplated herein or required to obtain any consent needed to consummate the transactions contemplated by this Agreement.

5.5 Access to the Company. The Sellers shall ensure that the Purchaser and its officers, counsel and other authorized representatives, upon reasonable notice, shall have full and free access at all reasonable times to all of the properties, books, contracts, commitments and records of the Company maintained by or located on the premises of the Company or the Sellers, including, subject to any limitations pursuant to any applicable lease or other agreement, access sufficient to allow an environmental consultant selected by the Purchaser and reasonably satisfactory to the Seller ("**Purchaser's Consultant**") to conduct, prior to the Closing Date, a Phase I environmental assessment (consistent with the American Society for Testing and Materials Standard E1527-97) ("**Phase I**") of the properties of the Company and, if such Phase I shall reveal a recognized environmental condition which, in the professional judgment of Purchaser's Consultant, exercised in good faith, requires further investigation, a Phase II environmental assessment (the scope of which will be mutually agreed upon by the parties) of such properties, and that the officers of the Sellers and the Company shall furnish the Purchaser with such additional financial and operating data and other information as to the business and properties of the Company as the Purchaser shall from time to time reasonably request, including, without limitation, applications or statements to be made to any governmental or regulatory body in connection with the transactions contemplated by this Agreement; provided, however, that such investigations shall be reasonable and not disruptive of the day-to-day operations of the business of the Sellers or the Company. In the event that such Phase I or II environmental studies disclose liabilities or potential liabilities of the Company, the parties shall negotiate in good faith as to an equitable resolution of any financial exposure that may result therefrom. Notwithstanding anything to the contrary contained in the foregoing sentences, neither the Sellers nor the Company, as the case may be, shall be required to furnish to the Purchaser correspondence, reports or other

documents concerning the negotiations in connection with this Agreement or any other negotiations relating to the sale of the Company.

5.6 Exclusivity. Each Seller hereby agrees that during the Exclusive Negotiation Period (as defined below), neither it nor any of its Affiliates (including the Company) or any of their respective directors, officers, employees or agents shall, directly or indirectly, solicit, initiate or participate in, any discussions or negotiations with or provide any information to, or otherwise cooperate in any manner with, any party not a party hereto or enter into or consummate any agreement or transaction, in each case in respect of any inquiry, proposal or offer from any person relating to a direct or indirect purchase, merger, consolidation, business combination, sale or other disposition of all or part of any of the Existing Interests, the Company, its partnership interests or all or substantially all of the Company's assets (a "**Sale Transaction**"). Each Seller represents that on the date of its execution of this Agreement, neither it nor any of its Affiliates (including the Company) nor any of their respective directors, officers, employees or agents is engaged in any discussions or negotiations with any person (other than the Purchaser and its representatives) relating to a Sale Transaction. "**Exclusive Negotiation Period**" shall mean the period commencing on the date hereof and ending on the tenth business day following the NHL Approval Date.

5.7 Other Actions.

(a) None of the Sellers shall take any action that would, or that could reasonably be expected to, result in (i) any of the representations and warranties of such Seller set forth in this Agreement that are qualified as to materiality becoming untrue, (ii) any of such representations and warranties that are not so qualified becoming untrue in any material respect, or (iii) a Material Adverse Effect, in any such case in order to prevent any of the conditions set forth in Articles VII or VIII from being satisfied.

(b) The Sellers shall advise the Purchaser in writing within a reasonable time thereafter of the occurrence of (i) any matter or event that occurs that has had, or has a reasonable possibility of causing in the future a Material Adverse Effect or that is likely to cause any of its representations or warranties in this Agreement (without giving effect to Section 5.8) to be untrue or incorrect from the date hereof and on or prior to the Closing Date or to cause any of the conditions set forth in Article VII or Article VIII not being satisfied in a timely manner or (ii) any failure on their part to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, that, the delivery of any notice pursuant to this paragraph shall not limit or otherwise affect the remedies hereunder of the Purchaser or the rights of the Sellers under Section 5.8.

5.8 Supplemental Disclosure. From time to time prior to the Closing, the Sellers shall deliver to the Purchaser information supplementing or amending the representations and warranties and disclosures made in connection therewith in the Disclosure

Schedules. Such supplemental information furnished by the Sellers shall identify the specific event to be disclosed and set forth the Sellers' good faith estimate of the extent of Damages, if any, that may arise from such event. Subject to Sections 9.1(d) and 10.2(a), any representation or warranty of the Sellers affected by such supplemental information shall be deemed to have been amended accordingly.

ARTICLE VI

COVENANTS OF THE PURCHASER

The Purchaser covenants and agrees that, except as otherwise consented to in writing by the Sellers, prior to the Closing:

6.1 Consents and Approvals. The Purchaser shall take all necessary action and use commercially reasonable efforts to obtain as soon as possible the NHL Consent (which action and efforts shall include causing its principals to provide to the NHL such financial information and documentation as may be reasonably required sufficiently in advance of the NHL Board of Governors meeting presently scheduled for December 2 and 3, 1997 to have the transactions contemplated hereby considered for approval at such meeting), the Fleet Consent, the Fleet Release, the Nassau County Consent, and any and all other consents and governmental authorizations or approvals necessary to be obtained by the Purchaser, or which may be reasonably requested by the Sellers in order to consummate the transactions contemplated by this Agreement and to fulfill the conditions set forth in Article VIII hereof.

6.2 Full Disclosure. Until the Closing, the Purchaser shall, upon request, provide the Sellers and their respective officers, counsel and other authorized representatives with such information and documentation concerning the Purchaser as may be reasonably necessary (a) to ascertain the status of the NHL Consent, the Fleet Consent, the Fleet Release and the Nassau County Consent and (b) for the Sellers to verify performance of and compliance with the Purchaser's representations, warranties, covenants and conditions herein contained.

6.3 Confidentiality. The Purchaser shall, and shall cause its officers, counsel and other authorized representatives and affiliated parties to, hold in strict confidence, and not disclose to any other party, and not use in any way except in connection with the transactions contemplated hereby, without the prior written consent of the Sellers, all information obtained from the Sellers or the Company in connection with the transactions contemplated by this Agreement, except such information may be disclosed (a) to the National Hockey League, its counsel and other authorized representatives in connection with the transactions contemplated by this Agreement, (b) where necessary to prospective lenders to the Purchaser or the Company and to prospective investors in the Purchaser (provided such

lenders and investors agree to preserve the confidentiality of the information) and to any regulatory authorities or governmental agencies, (c) if required by court order or decree or applicable law, (d) if it is publicly available or (e) if it is otherwise expressly contemplated herein or required to obtain any consent needed to consummate the transactions contemplated by this Agreement.

6.4 Employee Benefits and Plant Closing. For a period of one year after the Closing Date, the Purchaser will provide to all persons, other than players, who continue to be employed by the Company, benefits comparable to the existing benefit plans listed on **Schedule 3.14** relating to non-players, which if the Purchaser elects to cause the Company to terminate its existing health insurance plan and adopt a new plan shall include a waiver of a waiting period and coverage for all preexisting medical conditions which such employees would have received had coverage under the existing plan not been terminated. The Purchaser shall not, at any time prior to 60 days after the Closing Date, without complying fully with the notice and other requirements of the Worker Adjustment and Retraining Notification Act of 1988 ("**WARN Act**"), effectuate (a) a "Plant closing" as defined in the WARN Act affecting any site of employment or one or more facilities or operating units within any site of employment of the Company, or (b) a "mass layoff" as defined in the WARN Act affecting any site of employment of the Company. In addition, the Purchaser hereby agrees to indemnify the Sellers and to defend and hold the Sellers harmless from and against any and all Damages which the Sellers may incur in connection with any suit or claim of violation brought against the Sellers under the WARN Act, which relates to actions taken by the Purchaser with regard to any site of employment or one or more facilities or operating units within any site of employment of the Company.

6.5 Other Actions.

(a) The Purchaser shall not take any action that would, or that could reasonably be expected to, result in (i) any of the representations and warranties of the Purchaser set forth in this Agreement that are qualified as to materiality becoming untrue, (ii) any of such representations and warranties that are not so qualified becoming untrue in any material respect or (iii) a Material Adverse Effect, in each such case in order to prevent any of the conditions set forth in Articles VII or VIII from being satisfied.

(b) The Purchaser shall advise the Sellers in writing within a reasonable time thereafter of the occurrence of (i) any matter or event that occurs that has had, or has a reasonable possibility of causing in the future a Material Adverse Effect or that is likely to cause any of its representations or warranties in this Agreement to be untrue or incorrect from the date hereof and on or prior to the Closing Date or to cause any of the conditions set forth in Article VII or Article VIII not being satisfied in a timely manner or (ii) any failure on its part to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder.

6.6 Financing. The Purchaser shall use commercially reasonable efforts to deliver to the NHL (with copies to the Sellers) such evidence of the Purchaser's financing arrangements as are necessary to consummate the transactions contemplated hereby (including refinancing amounts due under the Credit Agreement) within such time as will permit the NHL to consider this transaction at its Board of Governors Meeting presently scheduled to be held on December 2 and 3, 1997. Such arrangements shall not require any material changes in the economic terms of this Agreement or the New Partnership Agreement. The Purchaser shall keep the Sellers fully informed regarding its bank financing and potential bank financing to the Company (including plans to securitize the Excess Cable as provided in Section ~~12.10~~ 2.10 of the New Partnership Agreement) at reasonable times and shall furnish the Sellers with copies of all material documentation (including material drafts) related thereto and afford the Sellers reasonable access to Fleet National Bank or any potential substitute lender, including the opportunity to have a representative present at such meetings between the Purchaser or its representative and representatives and Fleet National Bank or any substitute lender as the Sellers may reasonably request.

ARTICLE VII

CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE PURCHASER

The obligations of the Purchaser to effect the Closing hereunder are subject to the satisfaction, at or prior to the Closing, of all the following conditions:

7.1 Representations and Warranties True. The representations and warranties contained in Article III hereof, in the Disclosure Schedules to this Agreement, and in all certificates delivered by the Sellers to the Purchaser pursuant hereto or in connection with the transactions contemplated hereby, shall be true and correct in all material respects, in each case as of the date when made and as of the Closing Date as though made on and as of the Closing Date (except for changes contemplated by this Agreement).

7.2 Performance of Covenants. The Sellers and the Company shall have performed and complied in all material respects with each and every covenant, agreement and condition required by this Agreement to be performed or complied with by them prior to or on the Closing Date.

7.3 No Governmental or Other Proceeding. No order of any court or administrative agency shall be in effect which restrains or prohibits the consummation of the transactions contemplated hereby.

7.4 H-S-R Act Approval. If applicable, all waiting periods under the H-S-R Act shall have expired or early termination shall have been granted.

7.5 Consents. Prior to or simultaneously with the Closing, all authorizations, consents, approvals or exemptions of, or filings or registrations with, any Governmental Entity legally required for the consummation of the transactions contemplated by this Agreement and the NHL Consent and the Nassau County Consent shall have been obtained and be in full force and effect on the Closing Date, provided that it shall not be a condition to the obligation of the Purchaser if the NHL Consent cannot be obtained because (i) of the Purchaser's inability to obtain financing in an amount sufficient to pay the Cash Purchase Price or, if applicable, the Adjusted Full Purchase Amount and sufficient to refinance the indebtedness under the Credit Agreement or to obtain the Fleet Consent, Fleet Release or release of the Fleet Reserve Accounts or because of the Purchaser's inability to obtain such financing on terms acceptable to the NHL or (ii) if the NHL shall not have approved Steven M. Gluckstern as a member of the Purchaser because of his continuing ownership in the Phoenix Coyotes NHL Team.

7.6 New Partnership Agreement. If the Full Purchase Election shall not have been made, the Sellers shall have executed and delivered the New Partnership Agreement to the Purchaser.

7.7 Opinions. The Sellers shall have delivered to the Purchaser an opinion of Richards & O'Neil, LLP, counsel to the Sellers, dated the Closing Date, in form and substance reasonably satisfactory to the Purchaser and its counsel.

7.8 Certificates. The Purchaser shall have received a certificate dated the Closing Date, signed by the President or any Vice President of each of the Sellers, certifying as to the satisfaction of the conditions set forth in Sections 7.1 and 7.2 hereof.

7.9 Pre-Closing Partnership Amendment. If the Full Purchase Election shall not have been made, the Sellers shall have executed and delivered the Pre-Closing Partnership Amendment.

7.10 Full Purchase Escrow. If the Full Purchase Election is made, the Sellers shall have executed and delivered the Full Purchase Escrow.

ARTICLE VIII

CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE SELLERS

The obligations of the Sellers to effect the Closing hereunder are subject to the satisfaction, at or prior to the Closing, of all of the following conditions:

8.1 Representations and Warranties True. The representations and warranties contained in Article IV hereof and in all certificates delivered by the Purchaser to the Sellers pursuant hereto or in connection with the transactions contemplated hereby shall be true and correct in all material respects, in each case as of the date when made and as of the Closing Date as though made on and as of the Closing Date (except for changes contemplated by this Agreement).

8.2 Performance of Covenants. The Purchaser shall have performed and complied in all material respects with each and every covenant, agreement and condition required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

8.3 No Governmental or Other Proceeding. No order of any court or administrative agency shall be in effect which restrains or prohibits the consummation of transactions contemplated hereby.

8.4 H-S-R Act Approval. If applicable, all waiting periods under the H-S-R Act shall have expired or early termination shall have been granted.

8.5 Consents. Prior to or simultaneously with the Closing, all authorizations, consents, approvals or exemptions of, or filings or registrations with, any Governmental Entity legally required for the consummation of the transactions contemplated by this Agreement and the NHL Consent and the Nassau County Consent shall have been obtained and be in full force and effect on the Closing Date.

8.6 Keep Well Agreement. The Purchaser and each of its beneficial owners shall have executed and delivered to the Sellers an agreement (the "**Keep Well Agreement**") in the form of **Exhibit C** hereto obliging the beneficial owners of the Purchaser to make equity contributions to the Company, in the first five years after Closing, equal to the lesser of (i) $15,000,000 and (ii) the Company's Operating Deficits plus interest expense during such 5-year period.

8.7 New Partnership Agreement. If the Full Purchase Election shall not have been made, the Purchaser shall have executed and delivered the New Partnership Agreement to the Sellers.

8.8 Opinion of the Purchaser's Counsel. The Purchaser shall have delivered to the Sellers an opinion of Hogan & Hartson LLP, counsel to the Purchaser, dated the Closing Date, in form and substance reasonably satisfactory to the Sellers and their counsel.

8.9 Certificates. The Sellers shall have received a certificate dated the Closing Date of a senior officer of the Purchaser certifying as to the satisfaction of the conditions set forth in Sections 8.1 and 8.2 hereof.

8.10 Purchase Price. The Purchaser shall have tendered the portion of the Purchase Price (including the Building Note) due to the Sellers on the Closing Date in accordance with Section 2.2 hereof.

8.11 Deposit Release. The Escrow Agent shall have released the Deposit to the Sellers (together with interest thereon).

8.12 Release of Fleet Reserve Accounts. The Credit Agreement shall have been amended or terminated such that all amounts on deposit in the Fleet Reserve Accounts shall be unconditionally released to NAE.

8.13 Fleet Release. The Sellers shall have received the Fleet Release.

8.14 Amendment or Refinancing of Credit Agreement. If the Full Purchase Election shall not have been made, the Credit Agreement shall have been amended or the indebtedness due thereunder shall have been refinanced on terms requiring no modification of the economic terms of this Agreement or the New Partnership Agreement and without liability to the Sellers or their Class B Partnership Interests.

8.15 Full Purchase Escrow. If the Full Purchase Election is made, the Purchaser shall have executed and delivered the Full Purchase Escrow.

ARTICLE IX

TERMINATION, REMEDIES, AMENDMENT AND WAIVER

9.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of the Purchaser and the Sellers;

(b) by either the Purchaser or the Sellers if the Closing has not occurred on or before the Termination Date, provided that this provision shall not be available (i) to the party who fails or refuses to consummate the transactions contemplated hereby or to take any other action referred to herein necessary to consummate the transactions contemplated hereby in breach of such party's obligations contained herein; or (ii) if the parties are then unable to close because the applicable waiting period (if any) under the H-S-R Act has not then expired

(in which case the Termination Date shall be changed to the third business day following the date on which such waiting period shall expire);

(c) by either the Purchaser or the Sellers if there has been a material breach on the part of the other party in any material representation, warranty or covenant set forth in this Agreement which is not cured within ten business days after such other party has been notified of the intent to terminate this Agreement pursuant to this Section 9.1(c); or

(d) by the Purchaser in the event the Purchaser receives information under Section 5.8 which amends or supplements any representation and warranty or Disclosure Schedule and the information so received discloses a Material Adverse Effect to the Purchaser for the first time, subject to the following. At the Purchaser's option, the Purchaser and the Sellers shall, for a period of ten business days after the receipt by the Purchaser of any such supplement, negotiate in good faith as to any adjustments to be made to the terms of this Agreement as a result of such disclosure (including to the Purchase Price set forth in Section 2.2 or the indemnification obligations of the Sellers in Article X). If the Purchaser and the Sellers do not agree upon any such adjustment during such period, prior to the fifteenth business day after its receipt of the applicable supplement pursuant to Section 5.8, the Purchaser may terminate this Agreement. If the Purchaser terminates this Agreement pursuant to and in accordance with this Section 9.1(d), then the Purchaser shall be entitled to reimbursement from the Sellers for its reasonable documented out-of-pocket expenses incurred prior to such termination date in connection with the transactions contemplated hereunder (including reasonable attorney fees and expenses).

9.2 Effect of Termination. In the event of termination of this Agreement as expressly permitted under Section 9.1 hereof, this Agreement shall forthwith become void (except for Sections 5.4, 6.3, 9.1, 11.2 and this Section 9.2 which shall remain in full force and effect and enforceable), and there shall be no liability (other than liability resulting from fraud or wilful misconduct) on the part of any of the Sellers or the Purchaser or their respective officers, directors, partners and affiliates; provided, that, if such termination occurs pursuant to Section 9.1(c) and resulted from a material misrepresentation or material breach by a party of the covenants of such party contained in this Agreement, such party shall be fully liable for any and all Damages sustained or incurred as a result of such breach; provided, further, that the Deposit shall be distributed in accordance with the terms of the Escrow Agreement. The parties acknowledge and agree that in the event of termination of this Agreement prior to the Closing, the Sellers' Damages will be difficult to ascertain and that the Deposit represents a reasonable estimate of such Damages. Therefor, the parties acknowledge and agree that in the event that the Deposit is distributed to the Sellers, the Deposit shall constitute liquidated damages hereunder and such liquidated damages shall constitute the Sellers' sole and exclusive remedy (other than for liability resulting from the fraud or wilful misconduct of the Purchaser) against the Purchaser, all other remedies (other than for liability resulting from the fraud or wilful misconduct of the Purchaser) being hereby

expressly waived by the Sellers. In the event of termination hereunder prior to the Closing, the Sellers shall return promptly to the Purchaser all documents, work papers and other materials of the Purchaser furnished or made available to the Sellers or its representatives or agents and all copies thereof, and no information received by the Sellers shall be revealed to any third party nor used for the advantage of the Sellers or any other party except as provided by Section 5.4; and the Purchaser shall return promptly to the Sellers all documents, work papers and other materials of the Sellers and the Company furnished or made available to the Purchaser or its representatives or agents and all copies thereof, and no information received by the Purchaser shall be revealed to any third party nor used for the advantage of the Purchaser or any other party except as provided by Section 6.3.

9.3 Amendment. This Agreement may not be amended except by an instrument in writing signed by the Purchaser and the Sellers.

9.4 Extension, Waiver. At any time prior to the Closing, (a) the Purchaser may extend the time for the performance of any of the obligations or other acts of the Sellers, and the Sellers may extend the time for the performance of any of the obligations or other acts of the Purchaser, (b) the Purchaser may waive any inaccuracies in the representations and warranties of the Sellers contained herein or in any document delivered pursuant hereto by the Sellers, and the Sellers may waive any inaccuracies in the representations and warranties of the Purchaser contained herein or in any document delivered pursuant hereto by the Purchaser and (c) the Purchaser may waive compliance with any of the agreements or conditions of the Sellers contained herein, and the Sellers may waive compliance with any of the agreements or conditions of the Purchaser contained herein. Any agreement on the part of the Purchaser or the Sellers, as the case may be, to any such extension or waiver shall be valid only if set forth in writing in an instrument signed by or on behalf of the Purchaser or the Sellers, as the case may be. The waiver by any party hereto of a breach of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

9.5 Remedies. Except as otherwise provided for in this Agreement, no remedy conferred by any of the specific provisions of this Agreement is intended to be exclusive of any other remedy which is otherwise available at law, in equity, by statute, by contract or otherwise, and except as otherwise expressly provided for herein, each and every other remedy shall be cumulative and shall be in addition to every other remedy given hereunder or otherwise. The election of any one or more of such remedies by any of the parties hereto shall not constitute a waiver by such party of the right to pursue any other available remedies.

ARTICLE X

SURVIVAL AND INDEMNITY

10.1 Survival of Warranties. Each General Warranty contained herein or in any certificate or other document delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement until the General Warranty Expiration Date except (a) the inaccuracy of any representation or warranty arising out of the fraud or wilful misconduct of the Sellers or the Purchaser, which representation and warranty shall survive until sixty days following the expiration of the applicable statute of limitations, including extensions thereof; (b) the representations and warranties contained in Section 3.20 shall survive until the fifth anniversary of the Closing Date; and (c) the representations and warranties contained in Sections 3.1 (but not those set forth in clause (a)(iii), (b)(ii) and (b)(iii) thereof), 3.3, 4.1 and 4.3(a) shall not expire. Each Tax Warranty shall survive until the Tax Warranty Expiration Date. No action for indemnity may be brought after the applicable expiration date, provided that if there shall then be pending at such time any claim for indemnification asserted under this Article X (whether or not formal legal action shall have been commenced based upon such claim), such claim shall continue to be subject to indemnification in accordance with this Agreement; and provided further that actions for indemnification for Spano Damages may be brought within one year following the expiration of the statute of limitations applicable to the cause of action that forms the basis of the claim for which indemnification is sought.

10.2 Indemnification by the Sellers. Subject to the limitations set forth in this Section 10.2:

(a) From and after the Closing, the Sellers shall jointly and severally indemnify and hold harmless the Purchaser from and against any Damages incurred by the Purchaser or by the Company which are caused by or arise out of the following:

(i) any breach of any General Warranty or Tax Warranty made by the Sellers in this Agreement except to the extent such breach causes Spano Damages or relates to the Corridor Club Litigation;

(ii) the breach of any covenant or agreement of any Seller contained in this Agreement;

(iii) the breach, or a claim which if meritorious would constitute a breach, of any General Warranty or Tax Warranty made by the Sellers in this Agreement (determined without regard to any reference to materiality or knowledge) to the extent such breach

results from or arises out of any action by John A. Spano, NYI Holdings L.P., NYI, Inc. and any of their respective Affiliates and, notwithstanding their listing in Disclosure **Schedule 3.15**, those matters listed as items 8, 9, 10, 11 and 12 of Disclosure **Schedule 3.15** (the Damages for such breaches and such listed matters are together referred to as "**Spano Damages**");

(iv) notwithstanding its listing in Disclosure **Schedule 3.15**, the litigation referred to in Item 1 of Schedule 3.15 hereto (the "**Corridor Club Litigation**"); or

(v) for any amount which the Company is required to pay on account of the Deferred Signing Bonuses listed on **Schedule 1 to Annex A** hereto with respect to any period after the applicable player has stopped playing under his current contract;

Base Preference Amount

provided, however, that (x) the total indemnification to be paid by the Sellers to the Purchaser for claims under clause (i) above shall not exceed, in the aggregate, ~~$30,000,000~~; (y) if the Full Purchase Election has not been made, the total indemnification to be paid by the Sellers to the Purchaser for claims under clause (iii) above shall not exceed, in the aggregate, the sum of the Cash Purchase Price to the extent actually paid plus the Base Preference Amount plus amounts, if any, payable under the Building Note, and the total indemnification to be paid by the Sellers to the Purchaser for claims under clause (iv) above shall not exceed, in the aggregate, the Base Preference Amount, in each case except that to the extent any Damages are incurred by the Purchaser or the Company as a result of the fraud or wilful misconduct of any Seller, the claims for such Damages shall not be subject to the limits set forth in this clause (y); and (z) if the Full Purchase Election has been made, the total indemnification to be paid by the Sellers to the Purchaser for claims under clause (iii) above shall not exceed, in the aggregate, the sum of the Cash Purchase Price to the extent actually paid plus the Adjusted Full Purchase Amount to the extent actually paid plus the amount, if any, payable under the Building Note, and the total indemnification to be paid by the Sellers to the Purchaser for claims under clause (iv) above shall not exceed, in the aggregate, the Adjusted Full Purchase Amount to the extent actually paid, in each case except to the extent that any Damages are incurred by the Purchaser or the Company as a result of the fraud or wilful misconduct of any Seller, the claims for such Damages shall not be subject to the limits set forth in this clause (z). The Purchaser shall make no claims for indemnification under clause (i) above unless and until the aggregate amount of such claims for Damages exceeds $500,000 (at which time Purchaser shall be entitled to collect the full amount of its said Damages), and the Purchaser shall make no claims for indemnification under clause (iii) above unless and until the aggregate amount of such claims for Damages exceeds $20,000 and then only with respect to such excess, in each case except that to the extent any Damages are incurred as a result of the fraud or wilful misconduct of any Seller, the claims for such Damages shall not be subject to

the limits set forth in this sentence. No Seller shall be obligated to indemnify the Purchaser under clauses (i) and (iv) above for Damages that in the aggregate exceed the product of (**A**) the Seller Percentage of such Seller multiplied by (**B**) either (1) if the Full Purchase Election has been made, the Adjusted Full Purchase Amount to the extent actually paid or (2) if the Full Purchase Election has not been made, the Base Preference Amount as adjusted pursuant to Section 2.4, except that to the extent any Damages are incurred by the Purchaser or the Company as a result of the fraud or wilful misconduct of any Seller, the claims for such Damages shall not be subject to the Limits set forth in this sentence. No Seller shall be obligated to indemnify the Purchaser under clause (iii) above for Damages that in the aggregate exceed the product of (**A**) the Seller Percentage of such Seller multiplied by (**B**) either (1) if the Full Purchase Election has been made, the sum of the portion of the Cash Purchase Price and Adjusted Full Purchase Amount, if any, to the extent actually paid plus amounts, if any, paid or payable under the Building Note or (2) if the Full Purchase Election has not been made, the sum of the portion of the Cash Purchase Price to the extent actually paid plus the Base Preference Amount plus amounts, if any, paid or payable under the Building Note. In addition, the Purchaser shall not make any claims for Damages under this Section 10.2(a) to the extent that the Purchaser has been informed in writing by the Sellers of such Damages pursuant to Section 5.8 and such Damages have a Material Adverse Effect or the Purchaser has otherwise agreed in writing to waive such Damages, the sole remedy being provided to the Purchaser being set forth in Section 9.1(d); provided that if such Damages do not constitute a Material Adverse Effect, then the Purchaser may make indemnification claims for any Damages that the Purchaser has been informed in writing of pursuant to Section 5.8.

(b) The Purchaser shall make no claim for indemnification under Section 10.2(a) for any amount relating to Damages to the extent that such claim relates to Damages that were included in the calculation of Net Liabilities pursuant to Section 2.4.

(c) In determining the amount of claims for Damages, the amount of any Tax cost (federal, state, local or foreign) incurred by the Purchaser as a result of the receipt or accrual of any indemnity payment hereunder shall increase the amount to be paid to the Purchaser and the amount of any Tax benefit (federal, state, local or foreign) realized by the Purchaser by reason of such Damages and any insurance proceeds payable in connection with such Damages shall be deducted from the amount to be paid to the Purchaser. Any indemnity payment hereunder shall be treated as an adjustment to the Purchase Price for Tax purposes, unless a final determination (which shall include the execution of Form 870-AD or successor form) causes any such payment not to be treated as an adjustment to the Purchase Price for Tax purposes.

(d) The Purchaser shall notify the Sellers within a reasonable period of time after becoming aware of, and shall provide to the Sellers as soon as practicable thereafter all information and documentation reasonably necessary to support and verify, any Damages which the Purchaser shall have determined has given or could give rise to a claim for

indemnification hereunder, and the Sellers and their agents shall be given reasonable access during normal business hours to all books and records in the possession or control of the Purchaser or the Company which the Sellers reasonably determine to be related to such claim. The failure of the Purchaser to give notification hereunder on a timely basis shall not affect the indemnification provided hereunder except to the extent the Sellers shall have been actually prejudiced as a result of such failure.

(e) If any legal proceedings are instituted or any claim or demand is asserted by any person in respect of which the Purchaser may seek indemnification pursuant to the provisions of this Section 10.2, the Purchaser shall promptly cause written notice of the assertion of any such claim to be made to the Sellers. If the Sellers acknowledge responsibility for Damages associated with any such proceedings, claim or demand, then the Sellers shall have the right, at their option and expense, to control the defense, negotiation or settlement of any such claim, and in such case, the Purchaser shall have the right to consult in (but not control) such defense, negotiation or settlement; provided, however, that the Sellers may not agree to any compromise, settlement or consent to entry of judgment or otherwise impose any obligation on the Company without the prior written consent of the Purchaser (not to be unreasonably withheld) unless the sole relief is monetary damages that are paid in full by the Sellers or are otherwise satisfied as provided in Section 10.2(f). Upon the payment of any claim for indemnity, the Sellers shall be subrogated to all rights and remedies of the Purchaser against any third person. If the Sellers do not so elect to defend any such third party claim, the Purchaser shall have the right but not the obligation to do so (and any failure by the Purchaser to defend any such claim shall not prejudice the Purchaser's right to indemnification pursuant to this Article X), and in such case, the Sellers shall have the right to consult in (but not control) such defense, negotiation or settlement. The Purchaser shall take all reasonable steps to mitigate Damages in respect of any claim for which it is seeking indemnification. If the Sellers do not acknowledge responsibility for Damages associated with any proceeding, claim or demand described in the first sentence of this Section 10.2(e) and the Purchaser elects not to defend any such third party claim, then the Seller may assume the defense, negotiation or settlement of such third party claim (and such assumption shall not prejudice the Sellers' right to seek reimbursement therefor from the Purchaser) and the Purchaser shall have the right to consult in such defense, negotiation or settlement and the Sellers may not agree to any compromise, settlement or consent to entry of judgment or otherwise impose any obligation on the Company without the prior written consent of the Purchaser (not to be unreasonably withheld).

(f) The provisions of this Section 10.2(f) shall apply in the event that the Full Purchase Election is not made. The Purchaser and the Sellers agree that should Sellers be liable for any indemnity payment hereunder, the amount of any such indemnity payment shall offset and reduce as of the Closing Date the Base Preference Amount described in the New Partnership Agreement and that an appropriate adjustment shall be made in the amount of any Preferred Return paid or Deferred Preferred Return accrued under the New Partnership

Agreement with respect to said reduction. If (i) the Base Preference Amount has been reduced to zero, (ii) an indemnity payment with respect to Spano Damages remains due, and (iii) the Determination Date, as such term is defined in the Building Note (the "**Determination Date**") has occurred, such Spano Damages shall be offset against any payments then due under the Building Note. In the event that (i) the Base Preference Amount has been reduced to zero, (ii) an indemnity payment with respect to Spano Damages remains due, and (iii) either (x) the Determination Date has not occurred or (y) the amount of the indemnity payment due with respect to Spano Damages exceeds any amounts due under the Building Note, then the Sellers shall be liable (subject to Section 10.2) for the excess of such Spano Damages over the amounts due under the Building Note. Except as provided in the preceding two sentences and except as otherwise provided in the New Partnership Agreement, in the event that the Full Purchase Election is not made, any such offset, reduction and adjustment shall constitute a full and complete satisfaction of all of the Purchaser's claims with respect to the amount of the indemnity payment, and the Purchaser shall not have recourse against any Seller for any part of such indemnity payment.

(g) In the event that the Full Purchase Election is made, (A) at Closing, $5,000,000 of the Full Purchase Closing Payment shall be paid into an escrow account (the "**Full Purchase Escrow**") with an escrow agent reasonably acceptable to the Purchaser and the Sellers and (B) at Closing, the ~~$36,650,000~~ 19,650,00 balance of the Full Purchase Closing Payment shall be paid in cash to the Sellers in accordance with their Seller Percentages. The amounts in the Full Purchase Escrow shall thereafter be used to pay any amounts due under Section 2.4(e) for adjustments relating to Closing Date Net Liabilities. On such date as all such adjustments under Section 2.4(e) have been determined and satisfied, any remaining amounts in the Full Purchase Escrow shall be released to Sellers in accordance with their Seller Percentages. As a condition to receiving its share of the Full Purchase Closing Payment a Seller must agree in writing not to distribute any portion of the Full Purchase Closing Payment received by it to any of its equity owners unless such equity owner has executed and delivered to the Purchaser its written agreement to be liable for any indemnity payment due from such Seller under Section 10.2 to the extent of the portion of the Full Purchase Election amount distributed to it and, if such equity owner is an entity, to not further distribute any portion of such distribution to any person unless such person delivers a similar agreement. The form of any Full Purchase Escrow Agreement and any such written agreement relating to the Full Purchase Closing Payment shall be reasonably agreed upon by the Purchaser and the Sellers prior to the Closing Date.

(h) The Purchaser shall not have recourse to the General Partner of WG or FLI for any claim under this Section 10.2, except to the extent of distributions actually received by it on account of the Base Preference Amount, Adjusted Full Purchase Amount or Building Note and in the case of Spano Damages, the Cash Purchase Price in addition. In addition, each Seller must agree that it shall restrict its investment of the Full Purchase Closing Payment not distributed to its equity owners to (i) equity securities (other than

options), whether or not dividend bearing, or debt securities whose rating from Standard & Poor's Corporation ("**S&P**") or Moody's Investors Service, Inc. ("**Moody's**") is at least A or the equivalent thereof, which are listed for trading (1) on any exchange registered as a national securities exchange under Section 6(a) of the Securities Exchange Act of 1934, as amended, or (2) over-the-counter on The NASDAQ National Market System, (ii) securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof, (iii) U.S. dollar denominated time deposits, certificates of deposit and bankers acceptances of (x) any commercial bank of recognized standing having capital and surplus in excess of $500,000,000 or (y) any bank whose short-term commercial paper rating from S&P is at least A-2 or the equivalent thereof or from Moody's is at least P-2 or the equivalent thereof (any such bank an "**Approved Bank**"), (iv) commercial paper issued by any Approved Bank or by the parent company of any Approved Bank and commercial paper issued by, or guaranteed by, any industrial or financial company with a short-term commercial paper rating of at least A-2 or the equivalent thereof by S&P or at least P-2 or the equivalent thereof by Moody's, or guaranteed by any industrial company with a long term unsecured debt rating of at least A or A2, or the equivalent of each thereof, from S&P or Moody's, as the case may be, (v) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof, which at the time of acquisition has one of the two highest ratings obtainable from either S&P or Moody's and/or (vi) investments in funds substantially all the assets of which are comprised of securities of the types described in clauses (i) through (v) above.

10.3 General Indemnification by the Purchaser. Subject to the limitations set forth in this Section 10.3:

(a) From and after the Closing, the Purchaser shall indemnify and hold harmless the Sellers, their respective successors and assigns, from and against any Damages incurred by them or by the Company which are caused by or arise out of (i) any breach of any General Warranty made by the Purchaser in this Agreement or (ii) the breach of any covenant or agreement of the Purchaser contained in this Agreement, in each case except for those breaches that the Sellers have been informed about in writing and that the Sellers have agreed in writing to waive;

(b) Any payments which the Sellers receive under the Escrow Agreement shall constitute a full and complete satisfaction of all of the Sellers' claims with respect to the amount of any indemnity payment due herewith, and the Sellers shall not have any recourse against the Purchaser for any part of such indemnity payment, except that to the extent any Damages are incurred as a result of the fraud or wilful misconduct of the Purchaser, the claims for such Damages shall not be subject to the limits set forth in this Section 10.3(b);

(c) In determining the amount of claims for Damages, the aggregate amount of any Tax Loss (federal, state, local or foreign) incurred by the Sellers as a result of the receipt or accrual of any indemnity payment hereunder shall increase the aggregate amount to be paid to the Sellers and the amount of any tax benefit (federal, state, local or foreign) realized by the Sellers by reason of such Damages and any insurance proceeds payable in connection with such Damages shall be deducted from the amount to be paid to the Sellers;

(d) The Sellers shall notify the Purchaser within a reasonable period of time after becoming aware of, and shall provide to the Purchaser as soon as practicable thereafter, all information and documentation reasonably necessary to support and verify any Damages which the Sellers shall have determined has given or could give rise to a claim for indemnification hereunder, and the Purchaser and its agents shall be given access to all books and records in the possession or control of the Sellers which the Purchaser reasonably determines to be related to such claim;

(e) If any legal proceedings are instituted or any claim or demand is asserted by any person in respect of which the Sellers may seek indemnification pursuant to the provisions of this Section 10.3, the Sellers shall promptly cause written notice of the assertion of any such claim to be made to the Purchaser. The Purchaser shall have the right, at its option and expense, to defend against, negotiate or settle any such claim, and in such case, the Sellers shall have the right to participate in such defense, negotiation or settlement; provided, however, that the Purchasers may not agree to any compromise, settlement or consent to entry of judgment or otherwise impose any obligation on the Sellers without the prior written consent of the Sellers (not to be unreasonably withheld). Upon the payment of any claim for indemnity, the Purchaser shall be subrogated to all rights and remedies of the Sellers against any third person. If the Purchaser does not so elect to defend any such third party claim, the Sellers shall have no obligation to do so, but any failure by the Sellers to defend any such claim shall not prejudice the Sellers' right to indemnification pursuant to this Article X.

10.4 Spano and Corridor Club Recoveries.

(a) The Purchaser shall cause the Company to allow the Sellers to prosecute, defend, compromise or settle any matter (a "**Section 10.4 Matter**") referred to in Section 10.2(a)(iii) and (iv) and any action to recover Damages relating to any act by John A. Spano, NYI Holdings L.P., NYI, Inc. or any of their respective Affiliates, or claims with respect to the Corridor Club Litigation. Any recoveries related to a Section 10.4 Matter shall be applied and paid (i) first to reimburse the Sellers, the Purchaser and the Company for any costs and expenses (including attorneys' fees and court costs) incurred after the Closing in connection therewith, (ii) next to reimburse the Company for any other Damages which it may have actually paid in connection therewith, (iii) next to pay any Damages which may then be due and owing by the Company or the Sellers in connection therewith, (iv) next to the

Recoveries Escrow if it then exists or is required to exist and (v) next to the Sellers in proportion with their Seller Percentages.

(b) To the extent that any application of such recoveries reimburses the Company for a payment made by it that resulted in an adjustment to the Base Preference Amount or which reduced the Adjusted Full Purchase Amount, then an appropriate adjustment shall be made to the Base Preference Amount or Adjusted Full Purchase Amount and to the amount of any Current Preferred Return or Deferred Preferred Return (as such terms are defined in the New Partnership Agreement) previously paid or accrued and appropriate payments or refunds in connection therewith shall be made in connection therewith. The Purchaser acknowledges and agrees that the Sellers are authorized to direct the application and payment of any recoveries in the manner set forth above. The Purchaser shall pay or cause the Company to pay any such recoveries received by the Purchaser or the Company in such manner.

(c) If after the receipt of any recovery relating to a Section 10.4 Matter and the application of such recovery as provided in subclauses (i) - (iii) of Section 10.4(a) any balance of such recovery remains, such balance shall, if such recovery was received prior to the final settlement of Items 1, 8, 9, 10, 11 and 12 of **Schedule 3.15** or there is then pending any third-party claim for Damages relating to a Section 10.4 Matter, be deposited in an escrow account (the "**Recoveries Escrow**") with an escrow agent reasonably acceptable to the Purchaser and the Sellers. The amounts in the Recoveries Escrow shall thereafter be used to pay the items in subclauses (i) - (iii) of Section 10.4(a). On the final settlement of Items 1, 8, 9, 10, 11 and 12 of **Schedule 3.15** any amounts in the Recoveries Escrow in excess of an amount reasonably sufficient to provide for all Damages relating to all then pending claims for Section 10.4 Matters shall be released to the Sellers in accordance with their Seller Percentages provided that as a condition to receiving its share of such a release, a Seller must have agreed in writing not to distribute any portion of the escrow release received by it to any of its equity owners unless such equity owner has executed and delivered to the Purchaser its written agreement to be liable for any such indemnity payment to the extent of the distribution made to it and, if such equity owner is an entity, to not further distribute any portion of such distribution to any person unless such person delivers a similar agreement. The form of any such written agreement shall be reasonably agreed upon by the Purchaser and the Sellers prior to the Closing Date.

10.5 Exclusive Remedy. From and after the Closing, except in the case of the fraud or wilful misconduct by a party hereto neither party hereto shall be liable or responsible in any manner whatsoever to the other party for breaches of representations and warranties, whether for indemnification or otherwise, except for the indemnification obligations expressly provided for in this Article X, which provides the exclusive remedy and cause of action of the parties hereto with respect to any matter arising out of or in connection

with breaches of representations and warranties made in this Agreement, any Disclosure Schedule, any Exhibit hereto or any certificate delivered in connection herewith.

ARTICLE XI

OTHER AGREEMENTS

11.1 Disclosure. None of the Purchaser, the Sellers or their respective representatives or Affiliates shall make any public announcements regarding the financial terms and conditions of the transactions contemplated by this Agreement or the financial terms of the Purchaser's ownership or management structure without the prior consent of the Purchaser and the Sellers. The text of each such announcement and of each press release principally related to the transactions, whether or not describing its financial terms and conditions shall be subject to prior review and consent by the Purchaser and the Sellers, which consent shall not be unreasonably withheld.

11.2 Expenses. Subject to Section 9.1(d), the Purchaser and the Sellers shall each bear their own expenses (including those of counsel, accountants and investment bankers) incurred in connection with this Agreement and the transactions contemplated hereby.

11.3 Box 7. Until the later of the date when all Class B Partnership Interests have been redeemed and the end for the Team of the 2002-2003 NHL season (including playoff games), the present Class B Limited Partners and their guests (but not assignees or substituted partners other than those to whose substitution the General Partner has already consented in Section 5.3(a) of the New Partnership Agreement) shall have the free and exclusive use of Box 7 in the Nassau Coliseum and free VIP parking and shall be afforded comparable, free luxury skybox and parking privileges at any New Arena (as such term is defined in the Building Note).

ARTICLE XII

MISCELLANEOUS

12.1 Entire Agreement. This Agreement (including the documents and instruments referred to herein) embodies the entire agreement and understanding of the parties with respect to the transactions contemplated hereby and supersedes all other prior commitments, arrangements or understandings, both oral and written, and between the parties with respect thereto. There are no agreements, covenants, representations or warranties with respect to the transactions contemplated hereby other than those expressly set forth herein.

12.2 Binding Effect. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns.

12.3 Assignment. This Agreement (including any rights or obligations hereunder) may not be assigned by any party without the prior written consent of all other parties hereto and any such purported assignment without such consent shall be null and void.

12.4 Governing Law; Jurisdiction. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York, without regard to principles of conflicts of laws.

12.5 Arbitration. Any controversy, dispute or claim arising out of this Agreement shall, except as otherwise provided in Section 2.4(c) hereof, be settled exclusively by arbitration in the Borough of Manhattan in New York City, State of New York. Such arbitration shall be governed by Article 75 of the New York CPLR and shall be administered by the American Arbitration Association ("**AAA**") in accordance with its then prevailing Commercial Arbitration Rules (except as otherwise provided herein), by an arbitrator mutually agreed upon by the Purchaser and the Sellers (a "**Jointly Selected Arbitrator**"), and, if the Purchaser and the Sellers are unable to so agree within ten days of service of the notice of intent to arbitrate such dispute on the non-noticing party(ies), then the Purchaser and the Sellers shall each select an arbitrator (the "**Purchaser's Arbitrator**" and "**Sellers' Arbitrator**," as the case may be) and such arbitrators shall jointly select a third arbitrator (the "**Third Arbitrator**") to resolve the disputed matter (the Jointly Selected Arbitrator or the Third Arbitrator, as the case may be, is hereinafter referred to as the "**Arbitrator**"). In the event that there is a Jointly Selected Arbitrator, the Jointly Selected Arbitrator shall resolve the disputed matter. In the event that there is a Third Arbitrator, the disputed matter shall be heard by a panel comprised of the Purchaser's Arbitrator, the Sellers' Arbitrator and the Third Arbitrator and the disputed matter shall be resolved solely by the Third Arbitrator. The fees and expenses of the AAA and the Jointly Selected or Third Arbitrator shall be borne equally by the Purchaser, on the one hand, and the Sellers, on the other hand, and advanced by them from time to time as required. The fees and expenses of the Sellers' Arbitrator and Sellers' attorneys, accountants and other experts shall be borne by the Sellers and those of the Purchaser's Arbitrator and Purchaser's attorneys, accountants and other experts shall be borne by the Purchaser. The Arbitrator shall permit the Purchaser and the Sellers reasonable pre-arbitration discovery (including reasonable pre-arbitration examination of the witnesses and documents that the other party intends to introduce in its case-in-chief at the arbitration hearing). The Arbitrator shall render a decision in writing within 90 days of the conclusion of the arbitration hearing. The Arbitrator shall not be empowered to award to any party any consequential damages, lost profits to the extent relating to any business or asset owned by the Purchaser other than the Company, or relating to any effect on the Purchaser's capitalization, or punitive damages in connection with any dispute arising out of or relating in any way to this Agreement or the other agreements contemplated hereby or the transactions

arising hereunder or thereunder, and each party hereby irrevocably waives any right to recover such damages. Notwithstanding anything to the contrary provided in this Section 12.5 and without prejudice to the above procedures, either party may apply to any court of competent jurisdiction for temporary injunctive or other provisional judicial relief if such action is necessary to avoid irreparable damage or to preserve the status quo until such time as the arbitration panel is convened and available to hear such party's request for temporary relief. The award rendered by the Arbitrator shall be final and not subject to judicial review and judgment thereon may be entered in any court of competent jurisdiction.

12.6 Headings and Exhibits. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof. Schedules and documents referred to in this Agreement are an integral part of this Agreement.

12.7 No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein expressed or implied shall give or be construed to give to any person, other than the parties hereto and such assigns, any legal or equitable rights hereunder.

12.8 Notices. Any notices or other communications required or permitted hereunder shall be in writing and personally delivered at the addresses designated below, by facsimile transmission to the respective facsimile numbers designated below, mailed by registered or certified mail, return receipt requested, postage prepaid or by overnight courier, postage prepaid, addressed as follows, or to such other address or addresses as may hereafter be furnished by one party to the other party in compliance with the terms hereof:

If to the Purchaser:

New York Sports Ventures, LLC
%Zurich Centre Group
One Chase Manhattan Plaza, 44th Floor
New York, NY 10005
Telephone No.: 212-898-5010
Facsimile No.: 212-898-5002
Attention: Steven M. Gluckstern

with a copy to:

Hogan & Hartson L.L.P.
Two North Cascade Avenue, Suite 1300
Colorado Springs, CO 80903
Telephone No.: 719-448-5900
Facsimile No.: 719-448-5922
Attention: Scott A. Blackmun, Esq.

If to the Sellers:

NAE Sports LLC
%Mr. John O. Pickett, Jr.
1768 South Ocean Boulevard
Palm Beach, FL 33480
Telephone No.: 561-655-7145
Facsimile No.: 561-655-1570

WG Islanders, L.P.
%Walsh, Greenwood & Co.
3333 New Hyde Park Road
North Hills, NY 11040
Telephone No.: 516-684-3500
Facsimile No.: 516-365-6575
Attention: Messrs. Stephen Walsh and Paul Greenwood

and

FLI Islanders, L.P.
%First Long Island Investors, Inc.
One Jericho Plaza, 2nd Floor-Wing A
Jericho, NY 11753
Telephone No.: 516-935-1200
Facsimile No.: 516-935-1274
Attention: Messrs. Robert D. Rosenthal and Ralph F. Palleschi

All such notices and communications shall be deemed to be given for purposes of this Agreement on the day such writing is received by the intended recipient thereof.

12.9 Knowledge. All representations and warranties contained in this Agreement limited "to the knowledge of the Company" shall be deemed to include the

knowledge of each Seller and each of John O. Pickett, Jr., Robert D. Rosenthal, Barrett N. Pickett, Ralph F. Palleschi, Stephen Walsh and Paul Greenwood.

12.10 Successors and Assigns. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and permitted assigns of such party; and all covenants, promises and agreements by or on behalf of the parties hereto that are contained in this Agreement shall bind and inure to the benefit of their respective successors and permitted assigns.

12.11 Counterparts. This Agreement may be executed in any number of counterparts each of which, when executed, shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Delivery of an executed. signature page to this Agreement by facsimile shall be as effective as delivery of a manually signed counterpart of this Agreement.

12.12 Disclaimer Regarding Estimates and Projections. In connection with the Purchaser's investigation of the Company, the Purchaser has received from or on behalf of the Sellers certain projections, including projected statements of operating results of the Company for the fiscal year ending May 31, 1998, and for subsequent fiscal years and certain business plan information for such fiscal year and succeeding fiscal years. The Purchaser acknowledges that it is taking full responsibility for making its own evaluation of the adequacy and accuracy of all estimates, projections and other forecasts and plans so furnished to it (including the reasonableness of the assumptions underlying such estimates, projections and forecasts). Accordingly, the Sellers make no representation or warranty with respect to such estimates, projections and other forecasts and plans.

12.13 Actions by the Sellers. Any action to be taken by the Sellers hereunder, including any waiver, amendment or modification of any provision hereof or the consent to any action hereunder, may be taken in a writing signed by NAE and either of WG or FLI.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Purchase and Sale Agreement to be duly executed as of the day and year first above written.

NAE SPORTS LLC

By_____
Name:
Title:

WG ISLANDERS, L.P.

By_____
Name:
Title:

FLI ISLANDERS, L.P.

By_____
Name:
Title:

NEW YORK SPORTS VENTURES, LLC

By_____
Howard Milstein
Chairman

By_____
Steven M. Gluckstern
Vice Chairman and Chief Executive Officer

03969.0014

IN WITNESS WHEREOF, the parties hereto have caused this Purchase and Sale Agreement to be duly executed as of the day and year first above written.

NAE SPORTS LLC

By_____
Name:
Title:

WG ISLANDERS, L.P.

By_____
Name: Stephen Walsh
Title: Managing Partner

FLI ISLANDERS, L.P.

By_____
Name:
Title:

NEW YORK SPORTS VENTURES, LLC

By_____
Howard Milstein
Chairman

By_____
Steven M. Gluckstern
Vice Chairman and Chief Executive Officer

03969.0014

IN WITNESS WHEREOF, the parties hereto have caused this Purchase and Sale Agreement to be duly executed as of the day and year first above written.

NAE SPORTS LLC

By_____
Name:
Title:

WG ISLANDERS, L.P.

By_____
Name:
Title:

FLI ISLANDERS, L.P.

By_____
Name:
Title:

NEW YORK SPORTS VENTURES, LLC

By_____
Howard Milstein
Chairman

By_____
Steven M. Gluckstern
Vice Chairman and Chief Executive Officer

03969.0014

ADJUSTMENTS TO ACCOUNTING PRINCIPLES

1. Revenue under the SportsChannel Contract relating to the month of June, 1997 shall not be included in any calculation of a liability for Deferred Revenue relating to the SportsChannel Contract.

2. Revenue under the SportsChannel Contract and with respect to suite rentals shall be recognized on a basis of regular and exhibition games played to the applicable calculation date as compared to the number of such games in the NHL season. In accordance with item 1, revenue under the SportsChannel Contract shall exclude revenue relating to the month of June, 1997 and shall include revenue relating to the month of June, 1998.

3. The deferred signing bonuses listed on **Schedule I** hereto and deferred signing bonuses incurred between the date hereof and the Closing Date of a type similar to those listed on **Schedule 1** shall not be included as liabilities.

NEW YORK ISLANDERS HOCKEY CLUB, L.P.
CONTRACT BONUSES PAYABLE
FOR PERIODS ENDING 5/31/97 & 12/31/97

Signing Bonuses

Schedule 1

PLAYER	BONUSES PAYABLE 5/31/97	ADDITIONS	PAYMENTS	DATE PAID	BONUSES PAYABLE 12/31/97	PAYMENTS DUE JAN. 1998	
BERARD, BRYAN	425,000 (1)		(212,500) (1)	7/97	212,500	(212,500)	✓
BERTUZZI, TODD	1,050,000		(250,000)	10/97	800,000	(275,000)	3
CHARA, ZDENO		1,037,500	(400,000)	7,10/97	637,500		
CZERKAWSKI		200,000			200,000		
HOLLAND, JASON	87,500		(50,000)	9/97	37,500		
LIBBY, JEFF	200,000				200,000	(100,000)	1
LUHNING, WARREN		400,000	(150,000)	9,12/97	250,000		
NEMCHINOV		2,250,000 (2)			2,250,000	(750,000)	✓
ORSAGH, VLADIMIR	65,000		(30,000)	10/97	35,000		
PALFFY, ZIGMUND	200,000		(100,000)	10/97	100,000	(100,000)	1
SALO, TOMMY	100,000	150,000	(150,000)	7,10/97	100,000		
SCHULTZ, RAY		60,000	(30,000)	6/97	30,000		
SMOLINSKI, BRYAN		100,000			100,000		
STRUDWICK, JASON	37,500		(37,500)	9/97	0		
TUZZOLINO, TONY	50,000				50,000	(50,000)	
	2,215,000	4,197,500	(1,410,000)		5,002,500	(1,487,500)	

(1) EXCLUDES PERFORMANCE BONUS OF $625,000 FOR WINNING THE CALDER TROPHY IN 1996/97.

(2) THE PAYOUT FOR NEMCHINOV'S SIGNING BONUS IS AS FOLLOWS:

JAN. 2, 1998	750,000
JAN. 2, 1999	750,000
JAN. 2, 2000	750,000

(1) FULFILLMENT PROVISION 1587500
(2) RETIREMENT PRO-RATA RETURN 246500
(3) "SIGNING BONUS ADVANCE" 800000
4850000

637,500
700,000
700,000
750,000
100,000
100,000
100,000
1587500

	SIGNING BONUSES/ADVANCES -NY ISLANDERS' PLAYERS				
		5/31/97 to 10/1/97			
	Date of	Total Amount	Payable	Payable	Payable
NAME	Signing	Signing Bonus	1997-98	1998-99	1999-00
Belanger, Ken	11-Sep-97	0			
(1) Chara, Zdeno	10-Jul-97	$1,037,500	400,000	337,500	300,000
Chorske, Tom**	1-Aug-96	$0			
(1) Czerkawski, Mariusz	9-Sep-97	$200,000	0	200,000	0
Flaherty, Wade	22-Jul-97	0			
Houda, Doug	7-Aug-97	0			
Hough, Mike	21-Jul-97	0			
Jackson, Dane	31-Jul-97	0			
Jonsson, Kenny	30-Sep-97	0			
Lachance, Scott	9-Sep-97	0			
Lapointe, Claude	15-Aug-97	0			
Lawrence, Mark	25-Aug-97	0			
(1) Luhning, Warren	10-Sep-97	400,000	150,000	250,000	
Namestnikov, Yvegeny	21-Jul-97	0			
(1) Nemchinov, Sergei	10-Jul-97	$2,250,000	750,000	750,000	750,000
Salo, Tommy	9-Sep-97	$150,000	$50,000	50,000	50,000
Schultz, Ray	9-Jun-97	$60,000	$30,000	30,000	
Smolinski, Bryan	11-Sep-97	$100,000			100,000
Storm, Jim	21-Jul-97	0			
Total:		**$4,197,500**	**1,380,000**	**1,617,500**	**1,200,000**
**(Note: Chorske acquired via Waiver Draft 9/28/97; all signing bonuses paid by prior team)					

(1) FULFILLMENT PROVISIONS
(2) Retirement Pro-rata return
(3)

NEW YORK SPORTS VENTURES, LLC
P.O. Box 1064, Wall Street Station
New York, NY 10268-1064
Phone: 212-898-5029 Facsimile: 212-898-5210

January 16, 1998

NAE Sports LLC
%Mr. John O. Pickett, Jr.
1768 South Ocean Boulevard
Palm Beach, FL 33480

WG Islanders, L.P.
%Walsh, Greenwood & Co.
3333 New Hyde Park Road
North Hills, NY 10040

Attention: Stephen Walsh & Paul Greenwood

FLI Islanders, L.P.
%First Long Island Investors, Inc.
One Jericho Plaza, 2nd Floor, Wing A
Jericho, NY 11753

Attention: Robert D. Rosenthal & Ralph F. Palleschi

Gentlemen:

Reference is made to the Purchase and Sale Agreement between you and New York Sports Ventures, LLC ("**NYSV**"), dated October 14, 1997 (the "**Agreement**"). Capitalized terms used herein not otherwise defined herein shall have the meanings ascribed to them in the Agreement. This letter (the "**January 16, 1998 Letter**") shall document our amendment of the Agreement and Exhibits A and B thereto as follows:

1. Agreement, Preamble. Replace "a New York limited partnership" in both places with "a Delaware limited partnership".

2. Agreement, Section 2.2(a)(i). Replace "$40,000,000 payable in cash at Closing (the "**Cash Purchase Price**")" with "$40,000,000 payable in cash less the present value at the Closing Date of the Phoenix Note at an 8% discount rate compounded quarterly, assuming the First Payment, Second Payment and Third Payment under the Phoenix Note are

received, respectively, on June 30, 1998, June 30, 1999 and June 30, 2000 (such difference between $40,000,000 and such present value being the "**Cash Purchase Price**")." It is acknowledged by the parties that amount of such First Payment, Second Payment and Third Payment will be calculated based upon the amount of the Expansion Payments (as such term is defined in the Phoenix Note) of which the Purchaser will become the owner or in which the Purchaser will have a first priority security interest in connection with the sale by Steven M. Gluckstern of his interest in the Phoenix Coyotes, provided that it is agreed that the maximum aggregate amount of the First Payment, Second Payment and Third Payment for purposes of the Phoenix Note shall be $12,000,000.

3. Agreement, Section 2.2(a). Add, after subclause (ii) "and (iii) a promissory note of the Purchaser in the form of **Exhibit A-1** hereto (the "**Phoenix Note**")."

4. Agreement, Section 2.2(a)(ii). Replace "$15,000,000" with "$25,000,000".

5. Agreement, Section 2.2(b)(ii). Replace "$41,650,000" with "$24,650,000".

6. Agreement, Section 2.2(b). Add at the end thereof "and (iv) the Phoenix Note".

7. Agreement, Section 2.5. Add as a separate subsections:

(i) the Phoenix Note;

(ii) the unconditional, personal guaranty by Steven M. Gluckstern of the Phoenix Note in the form of Exhibit A-2 hereto;

(iii) security agreements and assignments related thereto whereby the owner of the Expansion Payments pledges them in a manner satisfactory to the Sellers;

(iv) evidence satisfactory to the Seller that the Sellers have used their best efforts to cause the Expansion Payments to be directed to the Sellers.

8. Agreement, Section 2.6(d). Replace "State of New York" with "state of organization".

9. Agreement, Section 2.6(e). Replace "State of New York" with "state of organization".

10. Agreement, Section 3.1(a). Replace "New York" with "Delaware".

11. Agreement, Section 6.6. Replace "12.10" with "2.10".

12. Agreement, Section 10.4(a)(ii). Add after the word "therewith" the words "after the Closing or which were paid prior to the Closing and by omission or otherwise were not given effect in the Company's balance sheets up to and including the Closing Date Net Liabilities Statement".

13. Agreement, Section 10.2(a)(x)(i). Replace "$30,000,000" with "Base Preference Amount".

14. Agreement, Section 10.2(g). Replace "$36,650,000" with "$19,650,000".

15. Agreement, Section 11.3. Replace entire section with: "11.3 Box 7. Until the tenth anniversary of the later of (i) the date when all Class B Partnership Interests have been redeemed and (ii) the end for the Team of the 2002-2003 NHL season (including playoff games), the present Class B Limited Partners and their guests (but not assignees or substituted partners other than those to whose substitution the General Partner has already consented in Section 5.3(a) of the New Partnership Agreement) shall have the free and exclusive use of Box 7 in the Nassau Coliseum and free VIP parking and shall be afforded comparable, free luxury skybox and parking privileges at any new home arena for the Team. The free and exclusive use of Box 7 (or comparable at a new arena) shall also include the standard allotment of admission tickets for Islanders home games and standard catering for Islanders home games, but shall not include any admission tickets, catering or parking with respect to events other than Islanders home games."

16. Exhibit A, Section 2(c). Add, after ", and with respect to which the Company is able to secure revenue participation in concessions and parking which the Company does not currently participate in", the following: "; or, in the alternative, if a renovation of such facility has been completed and/or a new lease, tenancy or building ownership or management arrangement has been consummated, following which such facility has (x) net revenue potential for the Company and its affiliates and (y) fan amenities, in each case comparable to those of NHL home arena facilities completed and played in after July 1, 1992. For purposes of the foregoing sentence, the term "**affiliate**" means Steven Gluckstern, Howard Milstein, Edward Milstein, any transferee of their respective interests in the Company, and (a) any relative or spouse of the foregoing, (b) any estate of any of the foregoing or any trust for the benefit of the foregoing, and (c) any other party or entity which is more than 50% beneficially owned, directly or indirectly, by any of the foregoing or any combination of them."

17. Exhibit B, Section 2.10(a). Delete (iii).

18. Exhibit B, Section 2.10(a)(iv). Delete brackets.

19. Exhibit B, Section 4.4 (b). Replace 12.10(a)(ii) each place it appears with 2.10(a)(ii).

20. Exhibit B, Section 4.5(v). Delete (iii).

21. Exhibit B, Section 7.1(e). Replace $49,000,000" with "$29,000,000".

22. Exhibit B, Section 7.1(w). Replace "Section 4.2" with "Article IV".

23. Exhibit B, Section 8.10. Replace entire section with new text of Agreement, Section 11.3, as set forth above.

24. Exhibit B, Schedule 4.3. Replace with the "Amended Schedule 4.3" attached hereto.

25. Addendum to Exhibit B. Delete item 2.

[Remainder of page intentionally left blank]

If the foregoing reflects correctly our agreement, please acknowledge your concurrence by executing this Letter in the space provided below.

NEW YORK SPORTS VENTURES, LLC

By _____
David M. Seldin, President

The foregoing Agreement is confirmed this 16th day of January, 1998.

NAE SPORTS LLC

By _____
Name:
Title:

WG ISLANDERS, L.P.

By _____
Name:
Title:

FLI ISLANDERS, L.P.

By _____
Name:
Title:

03969.0014

If the foregoing reflects correctly our agreement, please acknowledge your concurrence by executing this Letter in the space provided below.

NEW YORK SPORTS VENTURES, LLC

By_____
David M. Seldin, President

The foregoing Agreement is confirmed this ___ day of January, 1998.

NAE SPORTS LLC

By_____
Name:
Title:

WG ISLANDERS, L.P.

By_____
Name:
Title:

FLI ISLANDERS, L.P.

By_____
Name:
Title:

03969.0014

NHL ENTERPRISES, L.P.
1251 Avenue of the Americas, New York, NY 10020-1192
(212) 789-2000 FAX (212) 789-2020

October 9, 1998

Commissioner of Patents & Trademarks
Box Assignments
Washington, D.C. 20231

Re: Recordation

Dear Sir:

So that you may proceed with the above-referenced matter, enclosed please find the following document:

1. Purchase and Sale Agreement changing the general partner(s) of New York Islanders Hockey Club, L.P.

Old Ownership: New York Islanders Hockey Club, L.P.,
A New York limited partnership,
The sole general partner of which was
NAE Sports LLC (a Delaware limited liability company)

New Ownership: **New York Islanders Hockey Club, L.P.,**
A New York limited partnership,
The sole general partner of which is
New York Sports Ventures, LLC
(a Delaware limited liability company)

Please don't hesitate to contact me at (212) 789-2057 if you require any additional information regarding the foregoing.

Very truly yours,

Samantha Payne
Intellectual Property Administrator

Enc.