



# NEWS RELEASE

For Immediate Release

December 4, 2006

## VP, Administration/COO Pat O'Conner's Opening Session Speech

LAKE BUENA VISTA, Fla.--It was not too long ago that we stood before this body for the very first time and spoke about a new vision for the National Association. This vision included improved business operations, state of the art facilities, increased attendance, economic efficiencies and growth unrivaled in our history. We also spoke of a central office committed to leading this industry to better times and a scenario that would make it possible for it to "pay you" to belong to the National Association.

As we close out the 2006 season, it is not the prophetic nature of past speeches that I want to highlight, but the incredible success and advancement we have made as a group. Through the combined efforts of the clubs, league offices and the NA office, combined with the support of a good partner in Major League Baseball and countless fans and corporate partners, we have achieved virtually every goal and overcome nearly every challenge thrown at us. For that we ought to all be very proud.

Today, we boast some of the most sophisticated business operations in sports management. The skill and creativity of the ownership and our working professionals is unparalleled. From Madison Avenue to Wall Street people recognize the creative genius and work ethic of Minor League Baseball.

Our facilities over the last 15 years have taken franchises to a whole new level. Thanks in large part to our fabulous line-up of host communities and government partners, Minor League Baseball takes a back seat to no other sports organization on the basis of its physical assets and playing facilities. Our players, coaches and fans have all seen this evolution and are prime beneficiaries of the result.

2006 attendance of 41+ million fans is a sure indicator that we have struck a chord in America's heartland and continue to serve the needs of our communities. Each year, attendance record after attendance record falls throughout Minor League Baseball both at the league and club levels. In 2006, 10 leagues drew more fans than the year before and four leagues set all-time attendance marks.

And while we still have a number of clubs of concern, our overall economics have never been stronger than they are right now. Despite the pressures of debt, Minor League Baseball continues to outperform the market in terms of return. We continue to see manageable revenue growth at impressive rates. With the stability of a long-term professional baseball agreement working in our favor, gross revenues topped \$533-million in 2005 and should approach \$575-million for fiscal year 2006; an increase of 120% since 1994. Gross revenues in excess of \$600-million are very likely by this time next year.

We continue to see appreciation in our franchise values and steady return on the franchise investment and assets throughout our organization. However, moving forward we need to address the eight-year, 235% increase in third party debt and make sure we never allow a creditor to file C.I.T. papers as part of a foreclosure proceeding. At these very meetings we will discuss franchise debt with the Board of Trustees in an attempt to close off financing loopholes that endanger our fiscal health and well being.

As we look back at the last dozen years, we see a central office that has made good on its pledge to make it pay to be a member of the National Association. Since 1995, the National Association office has sent back to the clubs at least a dollar-for-dollar return on dues paid by the membership. In some years clubs have received as much as an average of \$3.43 per dollar of dues and assessments.

Through licensing, marketing, affinity credit cards and the like, some Minor League Baseball clubs have received as much as \$5 in revenue for every \$1 of the money paid in dues or assessments. Since 1992, Minor

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League Baseball has returned nearly \$35-million dollars to the leagues and clubs. Once coined “voodoo economics”, payouts by the National Association office to clubs are a reality and continue to grow annually. This entire economic windfall to the clubs has occurred while the NA office was negotiating equitably fair successor PBA’s with Major League Baseball and two collective bargaining agreements with our umpires.

The most important aspect of this growth and these results is that we accomplished them together. No one classification, league or ownership group can lay claim to these results. However, collectively we all can claim them as our own. It has only been through the all-for-one and one-for-all mentality that we accomplished all we have.

As we move forward, it is important we not lose sight of our roots, not forget how we got to this point. As soon as we overlook the collective benefit of our cause, we will have lost.

Looking ahead, we see opportunities for tremendous growth in nearly all aspects of our organization. There will be challenges and risks, but as a cohesive organization, we will continue to overcome the obstacles and conquer those challenges. The biggest threat to our organization, ladies and gentlemen, is our organization. There are several key opportunities in front of us that will require us to think big, think in the macro and not micro. There will be opportunities that will require us to keep our ego and greed in check and think of the whole as we evaluate programs. And there will be opportunities that benefit the group but may cost an individual club a dollar or two. If we cannot move forward with the bigger picture in our sight, without individualism and without the reluctance to sacrifice, we will miss golden opportunities

We face huge challenges securing liability insurance at affordable rates. Yet, we cannot seem to grasp the concept of a NA-based insurance program with an additional safety net of underwriting for excess coverage. We are but one sports disaster away from an economic fallout of nuclear proportions. One terrorist event at any sports venue anywhere in the world, not necessarily an event at one of our venues, and we could face rate hikes and a lack of insurance availability that could literally cripple our operations. We are helpless and captive to the insurance industry and we need to change that. A Minor League Baseball liability insurance program, even if it was slightly more expensive or cost us a local advertiser, is a worthy investment in order to control our future and positively influence that future. We have successfully pooled our worker’s comp coverage for the umpires. We need to do the same for our general liability insurance and then we need to research a NA-wide pooling of our medical insurance coverage. This may not be universally popular, but if we want to stay ahead of the curve, we must look to cost savings when and where they exist. That is how we secure our future and ensure future prosperity.

And speaking of our future, well our future is electronic. And the biggest opportunity before us is to partner with Major League Baseball’s Advanced Media to form the most powerful sports network available on the internet. Yet so far, we have opted to pick apart the opportunity and miss revenues that will never be recovered. In many cases, we have opted to choose individualism over the power of a unified force. We have opted to lose sight of the opportunity to partner with a multi-billion dollar entity because we feel slighted by a few percentage points here and there, or disenfranchised because we hold no equity interest. We are losing sight of the fact that the BAM opportunity has annual savings to the clubs of \$3-million a year in statistics costs, site construction, maintenance costs and streaming capabilities.

In 2005, BAM had over 1-million subscribers, 1.7-billion visitors a year, 11-billion page views a year. There is no doubt their 2006 numbers will be far more impressive. Through its innovative business model BAM produces hundreds of million of dollars a year in revenue. A revenue stream we have an opportunity to tap into as a business partner. The power of BAM dwarfs anything we can do on our own, as individual teams or as a group, and the number of viewers available to us through this portal is mind boggling. To pass up this chance is to pass up a new revenue center we will be years trying to duplicate.

I challenge each of you to evaluate where you are today against where you were 10 years ago. I doubt any of you are in a worse circumstance. You deserve the lion’s share of the credit for the hard work, financial investment, risk and dedication that made your fortunes turn. But also look around this room and see how many other people in here could stake a claim to your success. An ownership partner; a fellow league member; your Major League affiliate; your league president; or your Board delegate; all necessary to make this industry work as it does. As we move forward, think of the success of this body under this leadership model. Think less of me and more of we. If history is any indicator of the future, I will take my chances with this group. But only when it acts as a group, works as a group and thinks as a group.

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