C. Taylor Ashworth, 010143
Alan A. Meda, 009213
STINSON MORRISON HECKER LLP
1850 North Central Avenue, Suite 2100
Phoenix, Arizona 85004
Telephone: (602) 279-1600
Facsimile: (602) 240-6925
tashworth@stinson.com
ameda@stinson.com

J. Gregory Milmoe (*pro hac vice application pending*)
Shepard Goldfein (*pro hac vice application pending*)
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
4 Times Square
New York, New York 10036
Telephone: (212) 735-3000
Facsimile: (212) 735-2000
gregory.milmoe@skadden.com
shepard.goldfein@skadden.com

Anthony W. Clark (*pro hac vice application pending*)
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
One Rodney Square
Wilmington, Delaware 19899
Telephone: (302) 651.3000
Facsimile: (302) 651.3001
anthony.clark@skadden.com

Attorneys for the National Hockey League

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

In re DEWEY RANCH HOCKEY, LLC, COYOTES HOLDINGS, LLC, COYOTES HOCKEY, LLC, and ARENA MANAGEMENT GROUP, LLC, Debtors.	Case No. 2:09-bk-09488-RTBP (Motion for Joint Administration with Case Nos. 2:09-bk-09491, 2:09-bk-09495, and 2:09-bk-09500 Pending) Chapter 11 **Objection of the National Hockey League to Proposed Agenda For First Day Hearings And Related Matters** Date: May 7, 2009 Time: 1:30 p.m. Location: U.S. Bankruptcy Court 230 N. First Ave, Courtroom 703 Phoenix, AZ 85003

This filing applies to:	)
	)
■ All Debtors	)
□ Specified Debtors	)
	)

The National Hockey League (the "NHL" or the "League"), through its undersigned counsel, objects to the Proposed Agenda For First Day Hearings And Related Matters and respectfully states as follows.

These cases concern the Phoenix Coyotes hockey club (the "Club"), one of 30 franchises in the NHL. Those who commenced these cases and purport to speak for the above-captioned debtors (the "Debtors"), but who, as explained below, do not have the authority to do so, have filed a raft of motions seeking various kinds of first day relief. Most of these motions are neither necessary or appropriate at this time, and some – for example, the DIP Financing Motion[1] and the Auction Procedures Motion[2] – would inflict substantial harm on the Debtors' estates. Therefore, the NHL respectfully submits that the Court should defer consideration of all of these motions until it has determined the overarching threshold issue – who, as between former and present management, has the authority to control the conduct of the business and affairs of the Debtors.

Until May 5, 2009, when these cases were filed, the Debtors' chairman and chief executive officer was Jerry Moyes who, with his wife and affiliated entities, owned a majority of the Debtors' equity. However, last summer, Mr. Moyes informed the League that because of the Club's

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1 Debtors' Motion for Interim and Final Orders: (A) Authorizing Debtors to Obtain Post-Petition Financing; (B) Authorizing Use of Cash Collateral; and (C) Determining Sufficiency of Adequate Protection. As explained below, the financing proposed in this motion is unnecessary, since the same amount of funding on better terms is available to the Debtors from the NHL.

2 Motion Of Debtors For Entry Of An Order (A) Authorizing Conduct Of An Auction Of Coyotes Hockey, LLC's Assets; (B) Establishing Procedures To Be Employed In Connection With The Sale Including Approval Of Termination Fee; And (C) Approving Form And Manner Of Notice Of Conditional Cure Notice And Solicitation Notice. Under this motion, the Debtors would become obligated to pay a $4 million breakup fee to their proposed purchaser if another party ultimately acquires the Club. That result is a virtual certainty on the proposed stalking horse sale terms. It is clear that the Club must be sold in the near term, since the present owner cannot fund its operations and, as explained below, the League has located a viable purchaser who will keep the Club in Phoenix. The proposed stalking horse bid, on the other hand, is contingent on an impossible condition – the Club relocating to Canada, which cannot happen, since its game schedule for next season already has been finalized and requires that it remain where it is in the same division and conference. In effect, the motion proposes to sell something the Debtors don't own and never have – an NHL franchise in Ontario, instead of one in Phoenix.

continuing losses, he no longer was able to fund its operations, and he asked the NHL for financial assistance. The NHL agreed to provide such assistance in order the permit the Club to play its scheduled games for the 2008-09 season to protect both the franchise value of the Club and the integrity of the League's schedule. Not to have done so would have cost hundreds of millions of dollars of revenues from ticket sales and advertising not only by the Club, but also by other members of the League who were scheduled to play the Club. This financial assistance was in the form of advances of the Club's revenue sharing funds that were not payable until the following October. However, even after the Club received the balance of the payment due from the League in November, Mr. Moyes still could not fund the operations and needed even more help. The League agreed to provide further financial support, which now totals approximately $38 million, in the form of additional advances on the Club's 2008-09 and 2009-10 anticipated revenue sharing funds, as well as substantial loans. However, as a condition to providing this support and to protect the interests of the Club and all of the other NHL franchises, the League required Mr. Moyes and his affiliates to execute proxies (the "Proxies") in favor of the Commissioner of the NHL to control the equity and operations of the Debtors. Copies of the Proxies are attached as Exhibit A hereto. Mr. Moyes asked that he be allowed to retain his titles to avoid public embarrassment, and the League so agreed, but with the express understanding that he had no authority to cause the Debtors to take any actions outside the normal course of business, including filing for bankruptcy.

Since last November, both Mr. Moyes and the League have looked for buyers for the Club who might be able to turn the operation around and make it a profitable enterprise. However, as part of the agreement between all franchise owners and the League, no such sale may be effected, nor may any franchise be relocated, without complying with the League's rules and procedures governing such actions and obtaining the League's approval. As a result of the League's efforts, in concert with the City of Glendale where the Coyotes play their home games, Jerry Reinsdorf, majority owner of the Chicago White Sox baseball and the Chicago Bulls basketball franchises has expressed interest in acquiring the Club and keeping it in Arizona. As recently as this past Friday, the League told Mr. Moyes' counsel of this possible purchase transaction, and he confirmed to the

League that Mr. Moyes was not able to come up with anything better. However, as is now apparent, Mr. Moyes secretly was negotiating a sale of the Club to Jim Balsillie, who twice before unsuccessfully tried to acquire NHL franchises – the Pittsburgh Penguins and the Nashville Predators – but only on the condition that he be allowed to move the team to southern Ontario. In fact, Mr. Moyes filed these cases, without the League's knowledge, just before he was scheduled to meet with the Commissioner of the NHL this past Tuesday to review the details of the proposal by Mr. Reinsdorf. As a result, the Commissioner immediately exercised his rights under the Proxies, removed Mr. Moyes from all offices with the Club and replaced him with Mr. William Daly, who is now the Debtors' chairman and CEO. A copy of the Action By The Commissioner is Exhibit B.

The League believes that the filing of these cases by Mr. Moyes was *ultra vires* because he had no authority to take such action. But regardless of whether they once did – which the NHL disputes – it is clear that Mr. Moyes and the counsel he retained to represent the Debtors no longer have any authority to act for or control the Debtors. We understand that Mr. Moyes and his counsel take a different view, as evidenced by their lengthy filing earlier today. Thus, before considering any of the pending motions on the merits, which may never be necessary, the Court should direct the parties to brief and present for determination the question of who properly controls these Debtors and is entitled to direct their business and affairs, including in connection with these cases and any sale of the Club.

Consequently , the NHL respectfully requests that the Court reject the proposed agenda for the first day hearing in these cases and order expedited proceedings on the corporate authority matters addressed above.

The League does appreciate that, unless and until this Court orders otherwise, these cases are pending before it and, therefore, the Debtors require authorization from the Court to undertake actions outside the ordinary course of business. We submit that the only such matter that needs to be addressed at this time is funding for the Club's ongoing operations so that creditors can be paid in the normal course. On that score, the DIP Financing Motion seeks authorization for the Debtors to borrow $2 million on an interim basis, and $17 million overall, of which only $12 million is required for operations through June,[3] on terms less favorable than the financing the Debtors have been receiving for some time from the NHL. Moreover, the proposed lender, PSE Sports & Entertainment L.P. ("PSE"), an affiliate of Mr. Balsillie which is the proposed purchaser of the Debtors' assets, would receive a non-consensual super-priority priming lien on the Debtors' assets ahead of the Debtors' existing secured lenders, including the NHL.

The DIP Financing Motion (at 12-13) claims that this is the most favorable financing available to the Debtors, but that is not true. The NHL is ready, willing and able to provide the Debtors with up to $2 million which is needed to preserve the status quo for the next two weeks and up to an additional $10 million of continued financing through the end of June on the same terms as before, including oversight of the Club's budget and expenditures, which terms are more favorable than the financing offered by PSE and do not require any non-consensual priming of the secured lenders, and to have the Court enter an order so providing. The Debtors would have known this had they asked, but Mr. Moyes did not seek DIP financing from the NHL because he and Mr. Balsillie wanted to keep their intention to file these cases a secret, since they knew the League would not permit them to do so. Thus, there is no need, and certainly no equitable basis, to alter the status quo, even on an interim basis, as requested in the DIP Financing Motion which, therefore, should be continued, along with all the other motions, pending the Court's determination of the corporate authority issue.

[3] The DIP Financing Motion states that $5 million of this financing would be reserved for payment to the professionals. Of course, if, as the League contends, these cases were not properly filed and there is no need for the Debtors to be or remain in chapter 11, these expenses will not be necessary.

Conclusion

For the foregoing reasons, the NHL respectfully requests that the Court reject the proposed agenda for the first day hearing in these cases and order expedited proceedings on the corporate authority matters.

DATED: May 7, 2009

STINSON MORRISON HECKER LLP

By: /s/ C. Taylor Ashworth (#010142)
C. Taylor Ashworth
Alan A. Meda

and

SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP
J. Gregory Milmoe
Anthony W. Clark
Attorneys for the National Hockey League