



March 1, 2016

Mr. Kevin Callan
Executive Director
Washington State Public Facilities District
Safeco Field
Seattle, WA 98134

Dear Kevin:

In accordance with Article 5.2 of the Ballpark Operations and Lease Agreement between the Washington State Major League Baseball Stadium Public Facilities District (PFD) and The Baseball Club of Seattle, LLLP, enclosed please find the Mariners report to the PFD for our fiscal year ended October 31, 2015, along with an update on the club's Cumulative Net Loss calculated from July 1, 1995.

This report meets the requirements of Article 5.2 of our Lease. As the Club's Senior Vice President of Finance, I certify to the best of my knowledge that the attached calculations are true and correct.

Sincerely,

Tim Komegay
Senior Vice President Finance

Enclosure



**REPORT TO THE WASHINGTON STATE PUBLIC FACILITIES DISTRICT BY THE SEATTLE MARINERS FOR
YEAR ENDED OCTOBER 31, 2015**

Submitted March 1, 2016

In 1996, the Washington State Major League Baseball Stadium Public Facilities District (PFD) and The Baseball Club of Seattle, LLLP (Mariners or Club) entered into the Ballpark Operations and Lease Agreement (Lease). The Mariners agreed to play at yet-to-be-named Safeco Field through the 2018 season.

Section 5.2 of the Lease includes a commitment by the Mariners to share profits after the recovery of the financial losses that occurred after July 1, 1995 (defined as Cumulative Net Loss in section 5.2.4). From that date through October 31, 1999, the Mariners net operating losses totaled \$200,212,000. (Note: This figure does not include the losses this ownership group incurred for the three years from July 1, 1992 through June 30, 1995.)

A "special calculation" was agreed upon in the Lease to determine the annual amount to apply to the Cumulative Net Loss. It was created specifically to determine when the Mariners begin sharing profits with the PFD, and has no application other than this limited purpose. Each year, when the special calculation is positive, the Cumulative Net Loss is reduced. This special calculation should not be confused with the Mariners Net Income/Loss from business operations.

Although not required by the Lease, the Mariners would like to advise the PFD that in fiscal year 2015, the Club had net income from business operations (using generally accepted accounting principles, GAAP) of \$7,203,000. It is important to note that since this ownership group bought the franchise in 1992, even when the team has made a profit, there has never been a distribution of team profits to individual members of this ownership group in any year, and there was not one in 2015.

The "special calculation" for profit-sharing purposes with the PFD resulted in a positive figure of \$11,819,000 in 2015. As a result, the Mariners Cumulative Net Loss has been lowered to \$19,170,000.

Below are the figures for 2015 that the Mariners are reporting to the PFD per Article 5.2 of the Lease.

Cumulative Net Loss through October 31, 1999	(\$200,212,000)
Cumulative Net Loss through October 31, 2014	(\$30,989,000)
Special Calculation* for 2015 fiscal year	\$11,819,000
Cumulative Net Loss through October 31, 2015	(\$19,170,000)

Therefore, for the year ended October 31, 2015, no profit sharing payment is currently due the Public Facilities District under section 5.2.2 of the Lease.

*Per section 5.2.3 of the Lease, the special calculation was made using the following adjustments to GAAP Net Profit of \$7,203,000: add Depreciation/Amortization of \$25,747,000; subtract Player Signing Bonuses of \$16,156,000; subtract Non-ballpark Capital Expenditures of \$911,000; subtract Ballpark Capital Expenditures of \$4,064,000. This yields the special calculation of \$11,819,000.

Footnote: The numbers in this report are taken from the most recent draft of our annual financial statements, covering our fiscal year ended October 31, 2015. Our financial statements have been prepared using generally accepted accounting principles (GAAP). Deloitte & Touche LLP performed the audit in accordance with generally accepted auditing standards (GAAS).