

**OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF
DIAMOND SPORTS GROUP, LLC, ET AL.**

Case No. 23-90116

Judge Christopher M. Lopez, U.S. Bankruptcy Court for the Southern District of Texas

c/o Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, NY 10036

April 23, 2024

To: Holders of Junior Funded Debt Claims (Class 4) and General Unsecured Claims (Class 6)

Akin Gump Strauss Hauer & Feld LLP is counsel to the Official Committee of Unsecured Creditors (the “UCC”) appointed in the above-referenced chapter 11 cases of Diamond Sports Group, LLC and certain of its affiliates (collectively, the “Debtors”) in the United States Bankruptcy Court for the Southern District of Texas.¹ The UCC was appointed by the United States Trustee, a representative of the United States Department of Justice, to represent the interests of all of the Debtors’ unsecured creditors.

The UCC is writing to recommend that you vote to accept the *Debtors’ Joint Chapter 11 Plan of Reorganization* [Docket No. 1982-1] (the “Plan”).² As discussed below, the UCC believes that the Plan provides unsecured creditors with the best possible recoveries under the circumstances, and therefore recommends that each unsecured creditor vote to accept the Plan in accordance with the instructions on the applicable ballots.

Since its appointment, the UCC has played an active role in the Debtors’ chapter 11 cases to protect the interests of unsecured creditors. As described in greater detail in the *Disclosure Statement for the Debtors’ Joint Chapter 11 Plan of Reorganization* [Docket No. 1983-1] (the “Disclosure Statement”), the Debtors initially were unable to obtain the support of stakeholders to pursue a reorganization of their business. Thus, in November 2023, the Debtors, the UCC and certain of the Debtors’ funded debt creditor constituencies entered into an agreement providing a framework for the Debtors to continue operating through the conclusion of the 2023-24 NBA and NHL seasons and the 2024 MLB season and wind down their business pursuant to a chapter 11 plan of liquidation. This agreement preserved the Debtors’ ability to pursue potentially superior alternative transactions, however, and on January 16, 2024, the Debtors entered into a restructuring support agreement³ with a significant portion of their funded debt creditors setting

¹ The UCC selected FTI Consulting, Inc. to serve as its financial advisor, Houlihan Lokey Capital, Inc. to serve as its investment banker and Reid Collins & Tsai LLP to serve as special counsel in connection with the adversary proceeding captioned *Diamond Sports Group, LLC v. JP Morgan Chase Funding Inc.*, Adv. Pro. No. 23-03135 (CML) (Bankr. S.D. Tex.).

² Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Plan or the Disclosure Statement, as applicable.

³ Restructuring Support Agreement [Docket No. 1613-1] (the “January RSA”).

forth the terms of a potential chapter 11 plan of reorganization that would enable the company to emerge from bankruptcy as a going concern. Ultimately, holders of more than 95% of Junior Funded Debt Claims determined to become parties to the January RSA and support the plan of reorganization contemplated thereunder.

After the announcement of the January RSA, the UCC engaged in settlement discussions with the Debtors and the creditors party thereto to improve the treatment of unsecured creditors. Following extensive negotiations, on February 26, 2024, the UCC reached a settlement (the “UCC Settlement”) with the Debtors and the creditors party to the January RSA, the terms of which were documented in an amended restructuring support agreement⁴ and subsequently incorporated in the Plan. The UCC Settlement materially improved recoveries for General Unsecured Creditors under the January RSA and includes important protections for unsecured creditors. Key terms of the UCC Settlement include, among other things, the following:

- holders of Allowed General Unsecured Claims will receive their *pro rata* share of a cash pool equal to the lesser of (a) \$13 million and (b) a dollar amount equal to a 6% recovery on an aggregate basis on account of all Allowed General Unsecured Claims (as compared to their applicable share of (a) a \$5 million cash pool and (b) 1% of certain trust interests⁵ entitled to receive 5% of the net proceeds of the Sinclair-Related Litigations under the January RSA);
- the irrevocable waiver and release by the Debtors of all “preference actions” under Bankruptcy Code section 547 against any trade creditors (which otherwise would allow the Debtors to seek to clawback payments made to such creditors in the 90 days prior to the commencement of the Debtors’ bankruptcy cases under certain circumstances);⁶
- holders of Allowed Go-Forward Trade Claims (*i.e.*, unsecured claims held by trade creditors that will provide goods and services necessary to the operation of the Debtors’ business) will be paid in full or otherwise unimpaired; and
- the Debtors’ commitment to use reasonable best efforts to reduce or minimize potential unsecured claims arising from the rejection of executory contracts and leases (without limiting the Debtors’ ability to make contract rejection decisions in accordance with their business judgment).

The UCC Settlement, together with the other settlements and compromises incorporated in the Plan, will enable the Debtors to provide meaningful recoveries to unsecured creditors and to emerge from bankruptcy as a going concern with a significantly deleveraged balance sheet reflecting the elimination of more than \$8.5 billion of the Debtors’ prepetition funded debt. The UCC believes that the recoveries to be provided to unsecured creditors under the Plan are fair under the circumstances and that the Plan is in the best interests of unsecured creditors.

⁴ See *Notice of Entry Into Amended and Restated Restructuring Support Agreement* [Docket No. 1829].

⁵ Or the economically equivalent allocation of rights to the net proceeds of the Sinclair-Related Litigations to the extent such trust interests ultimately were not issued.

⁶ The waiver of preference actions became effective upon entry of the DIP Order [Docket No. 1834] on February 26, 2024.

Accordingly, the UCC supports the Plan and recommends that all unsecured creditors vote to accept the Plan.

PLEASE NOTE THAT THE UCC REPRESENTS THE INTERESTS OF UNSECURED CREDITORS AS A WHOLE AND DOES NOT REPRESENT THE INDIVIDUAL INTERESTS OF ANY PARTICULAR UNSECURED CREDITOR. EACH CREDITOR MUST MAKE ITS OWN INDEPENDENT DETERMINATION AS TO WHETHER THE PLAN IS ACCEPTABLE AND SHOULD CONSULT WITH ITS OWN LEGAL AND/OR FINANCIAL ADVISORS (IF ANY) IN CONNECTION THEREWITH.

This letter is not intended to be a substitute for the Disclosure Statement. Among other things, the Disclosure Statement describes in detail: (i) events leading to the Debtors' bankruptcy filing; (ii) significant events that occurred during the Debtors' bankruptcy cases; and (iii) the terms of the Plan, including the UCC Settlement and the anticipated distributions to unsecured creditors. You should read the Plan and Disclosure Statement in their entirety and make your own independent decisions as to whether the Plan is acceptable to you.

The solicitation materials accompanying this letter include a ballot for voting to accept or reject the Plan. For your vote to be counted, you must complete and return your ballot in accordance with the procedures and instructions set forth therein. **PLEASE READ THE INSTRUCTIONS ON THE BALLOT CAREFULLY AND COMPLETE YOUR BALLOT IN ITS ENTIRETY TO ENSURE IT IS RECEIVED BY THE DEBTORS' CLAIMS AGENT (AS DEFINED BELOW) PRIOR TO THE VOTING DEADLINE OF MAY 22, 2024, AT 4:00 P.M. (CT).**⁷ Your timely vote is important, as only creditors whose ballots are timely submitted will have their votes counted for purposes of determining whether Junior Funded Debt Claims (Class 4) and General Unsecured Claims (Class 6) have accepted the Plan.

**** The UCC recommends that you vote to ACCEPT the Plan by checking the applicable box on your ballot and submitting your ballot prior to the Voting Deadline of May 22, 2024, at 4:00 P.M. (CT) ****

Should you have any questions about this letter, the Plan, the Disclosure Statement or completing your ballot,⁸ we would be pleased to discuss them with you. Please direct any such questions to: Scott L. Alberino (202-887-4027; salberino@akingump.com), Naomi Moss (212-872-1044; nmoss@akingump.com), Edan Lisovicz (212-872-8105; elisovicz@akingump.com) or DSGCreditorInfo@akingump.com.

⁷ Beneficial holders of Junior Funded Debt Claims should return their ballots to the appropriate nominee in accordance with the instructions on their ballots.

⁸ You may also direct questions about completing your ballot to the Debtors' claims' agent, Kroll Restructuring Administration LLC (the "Claims Agent"), by: (a) visiting the Claims Agent's website at <https://cases.ra.kroll.com/DSG>; (b) writing to Diamond Sports Group, LLC Ballots Processing Center c/o Kroll Restructuring Administration LLC, 850 Third Avenue, Suite 412, Brooklyn, NY 11232; (c) emailing DSGinfo@ra.kroll.com (with "DSG Solicitation Inquiry" in the subject line); or (d) calling the Debtors' restructuring hotline at (877) 720-6635 (U.S./Canada Toll-Free) or +1 (646) 440-4763 (International).

Very truly yours,

OFFICIAL COMMITTEE OF UNSECURED CREDITORS
OF DIAMOND SPORTS GROUP, LLC, *ET AL.*