



1
May 10, 2005

THE CITY OF SAN DIEGO

Erik Judson, Exec. Vice President
San Diego Padres
100 Park Blvd.
San Diego, CA 92101

Dear Erik,

This letter memorializes our agreement on the accounting related items for non-baseball related events at PETCO Park. If you are in agreement with these terms, please sign below and return the original for our files.

1. In addition to event related expenses recognized as allowable deductions per the Joint Use and Management Agreement, the San Diego Padres will be permitted to deduct Ballpark Sales and Marketing Department expenses as an Incremental Ballpark Expense. These are costs incurred exclusively for the sales, marketing and production of events and are essential to the generation of mutually beneficial gross revenues. Ancillary expenses such as, but not limited to, legal, accounting, and management costs are not permitted as deductions.
2. The budget for the Ballpark Sales and Marketing Department, considered part of the Incremental Ballpark Expense, shall be submitted to the City for approval by November 1 of each year. The approved budget shall be the basis for determining the fixed expenses. Any expenses not contained in the approved budget must have prior City approval in order to become an allowable deduction.
3. All revenues and costs, both fixed and event related, will continue to be reported on a monthly basis. Rather than reconciling each event at the end of the event, reconciliation and payment to the City will take place twice a year. Payments will take place on April 30, which coincides with the end of the City Split Season, and November 30, which coincides with the end of the Padres Split Season.

The above procedures may be reviewed by October 1, 2005, and annually thereafter, to determine if modifications are necessary.

Bruce Herring
Deputy City Manager
City of San Diego

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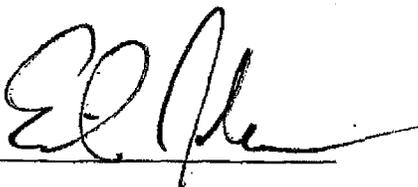
05/16/05



Office of the City Manager
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Tel (619) 236-6363 Fax (619) 236-6067

May 10, 2005
Letter Agreement re: Special Events

ACCEPTED AND AGREED TO AS OF
THE DATE FIRST WRITTEN ABOVE

By: 

Date: 5/16/05

Erik Judson
Executive Vice President
San Diego Padres

cc: Dennis Gibson, City Ballpark Administrator
Les Girard, City Attorney's Office
Richard Anderson, Executive Vice President, San Diego Padres
Katie Pothier, VP and General Counsel, San Diego Padres