

**DIAMOND SPORTS INTERMEDIATE HOLDINGS LLC
SUPPLEMENTAL FINANCIAL DISCUSSION**

Overview

Diamond Sports Intermediate Holdings LLC (the Company) was formed on April 29, 2019. Diamond Sports Group, LLC (DSG) is a wholly owned subsidiary of the Company and was formed for the purpose of completing the acquisition of 21 Regional Sports Network brands and Fox College Sports (collectively the Acquired RSNs) from the Walt Disney Company (Disney). This acquisition closed on August 23, 2019. The financial results and operations of the Company prior to the closing of the acquisition of the Acquired RSNs were not material.

The Company began consolidating the Acquired RSNs upon the closing of the acquisition on August 23, 2019. This change in control results in a lack of comparability between the pre and post combination periods. The financial information prior to July 1, 2019 presented below was derived from the financial records of the Acquired RSNs and is unaudited. This financial information includes certain corporate allocations of expense related to support functions that were historically provided on a centralized basis and not recorded at the business unit level. These corporate allocations were allocated to the Acquired RSNs on the basis of direct usage when identifiable, with the remainder allocated on a pro rata basis of combined revenues, headcount or other relevant measures of the Company. The results of operations for the Acquired RSNs during the period July 1, 2019 through August 22, 2019 is also unaudited and does not include comparable corporate allocations.

The following financial discussion compares the historical media revenue and media expenses of the Acquired RSNs for the three and nine month periods ending September 30, 2019 to the comparable prior year period. The three and nine month periods ending September 30, 2019 were derived by adding the financial results of the Company for the period August 23, 2019 through September 30, 2019 to the financial results of the Acquired RSNs for the remaining portion of the respective periods. The supplemental financial information is unaudited and has been included for informational purposes only. It does not purport to represent the actual results of operations that the Company would have achieved had the Acquired RSNs been combined during the periods presented and is not intended to project the future results of operations that the combined company may achieve after the acquisition.

Results of Operations

The following table sets forth certain financial information of the Company, on a historical basis as discussed above (in millions):

	Three months ended September 30,		Percent Change Increase / (Decrease)	Nine months ended September 30,		Percent Change Increase / (Decrease)
	2019 (c)	2018		2019 (c)	2018	
Media revenue (a)	\$ 859	\$ 965	(11)%	\$ 2,800	\$ 2,896	(3)%
Media expenses (b)	\$ 580	\$ 560	4%	\$ 1,838	\$ 1,724	7%

- (a) Media revenues are defined as advertising revenue, distribution revenue and other media revenues.
- (b) Media expenses combines media programming and production and media selling, general, and administrative expenses. Among the expenses included are sports rights amortization and management and incentive fees.
- (c) The financial information for the three and nine months ended September 30, 2019 was derived as discussed within *2019 Combined Financial Information* below.

Media revenue. Media revenue decreased \$106 million for the three months ended September 30, 2019 primarily as a result of an \$82 million decrease on revenue from DISH and Sling TV mostly as a result of DISH dropping carriage of the Acquired RSNs in July 2019 and a \$52 million decrease in revenue from a key MVPD partially related to a contract renewal in late 2018. These decreases in revenue were partially offset by \$28 million in increases in revenue from other MVPDs.

Media revenue decreased \$96 million for the nine months ended September 30, 2019 primarily as a result of an \$84 million decrease on revenue from DISH and Sling TV mostly as a result of DISH dropping carriage of the Acquired RSNs in July 2019 and a \$128 million decrease in revenue from a key MVPD partially related to a contract renewal in late 2018. These decreases in revenue were partially offset by \$103 million in increases in revenue from other MVPDs.

Media expenses. Media expenses increased \$20 million for the three months ended September 30, 2019 when compared to the same period in 2018. The increase is primarily related to an increase in our sports rights amortization due to renewals and contractual increases.

Media expenses increased \$114 million for the nine months ended September 30, 2019 when compared to the same period in 2018. The increase is primarily related to an increase in our sports rights amortization due to renewals and contractual increases.

2019 Combined Financial Information. The financial information for the three months ended September 30, 2019 was derived by combining the historical activity of the Acquired RSNs from July 1, 2019 to August 22, 2019 and the post-acquisition activity of the Acquired RSNs from August 23, 2019 to September 30, 2019; and the financial information for the nine months ended September 30, 2019 was derived by combining the historical activity of the Acquired RSNs from January 1, 2019 to August 22, 2019 and the post-acquisition activity of the Acquired RSNs from August 23, 2019 to September 30, 2019, as follows (in million):

	(Historical)			(Post-Acquisition)			(Combined)		
	July 1, 2019 to August 22, 2019	August 23, 2019 to September 30, 2019	Three months ended September 30, 2019	January 1, 2019 to August 22, 2019	August 23, 2019 to September 30, 2019	Nine months ended September 30, 2019			
Media revenue	\$ 507	\$ 352	\$ 859	\$ 2,448	\$ 352	\$ 2,800			
Media expenses	\$ 318	\$ 262	\$ 580	\$ 1,576	\$ 262	\$ 1,838			

Sources and Uses of Cash

The following table sets forth our cash flows for the periods April 29, 2019 to September 30, 2019 and does not include the activity of the Acquired RSNs prior to their acquisition on August 23, 2019 (in millions):

	The Period April 29, 2019 to September 30, 2019	
Net cash from operating activities	\$	122
Net cash used in investing activities	\$	(9,353)
Net cash from financing activities	\$	10,356

Operating Activities. Net cash from operating activities for the period April 29, 2019 through September 30, 2019 was \$122 million which primarily related to cash collections from MVPDs, offset by payments for sports rights, production and overhead costs, and interest on our term loan.

Investing and Financing Activities. Net cash from investing and financing activities for the period April 29, 2019 through September 30, 2019 was \$1,003 million which primarily related to the issuance of debt under our Senior Notes and Bank Credit Agreement and contributions received from our parent, which were used to purchase the Acquired RSNs, our equity interest in the YES Network, and to increase cash on hand.

Nonguarantor and Unrestricted Subsidiary Information - Bank Credit Agreement and Senior Notes

For the trailing four quarters ended September 30, 2019, EBITDA of nonguarantor restricted subsidiaries was 31% of Consolidated EBITDA, as defined in the Company and DSG's bank credit agreement and indentures. As of September 30, 2019, 34% of total assets and 4% of total liabilities were attributable to nonguarantor restricted subsidiaries, and DSG did not have any unrestricted subsidiaries.