

# **TELEVISION SPORTS RIGHTS**

**2008 EDITION**

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# **TELEVISION SPORTS RIGHTS**

## **2008 Edition**

***A PSB Media Report***

A PSB Media research report

# **TELEVISION SPORTS RIGHTS 2008**

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## **TELEVISION SPORTS RIGHTS 2008**

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## **INTRODUCTION**

The numbers – and the power of those numbers – is staggering. Among the seven largest professional sports leagues in the United States plus college sports and the Olympic Games, broadcast rights deals will generate \$7.75 billion in 2008. That includes more than \$3 billion for NFL games, \$925 million for the NBA and \$560 million for NASCAR. The dollar figures are hard to fathom but, all together, that works out to \$27 for every single TV set in America or more than the gross domestic products of 83 different nations.

And yet, as more live sport action migrates from the tube to the Internet or to mobile platforms, a new era is looming broadcast rights: one in which most games are viewed on handheld devices and laptops instead of on traditional televisions. Most sports leagues are shifting with the times and aiming to capture or cater to those new virtual viewers. The NBA's latest broadcast contracts with ESPN/ABC and TNT, for example, include the rights to technologies that have yet to be invented.

In almost every major sport, the times are sunny thanks to the surge of TV rights money. The NFL enjoys a gaping separation between its television income and those of all other American sports entities. That won't change anytime soon as the NFL continues to dominate Nielsen ratings whenever its games are aired. Major League Baseball posted

record revenues in 2007 as a result of its focus on new media. The NBA managed to land a record TV deal with ABC/ESPN and TNT despite recent lackluster ratings. The NHL is still fighting for recognition, but it grabbed an important one-year contract extension with NBC. Financed by its national TV deals, Major League Soccer is expanding. NASCAR regained its financial footing in 2007 and 2008 and enjoyed a comeback in TV audience numbers, while a unification of two open-wheel racing leagues may pave the way for a rise in TV rights for that sport. Mixed martial arts continued its assault on TV audiences, grabbing primetime slots on CBS, while boxing posted a record payday in 2007 on pay-per-view.

The 2008 edition of “Television Sports Rights” is organized in the fashion of earlier editions. The report includes 11 chapters on individual sports: “Football,” “Baseball,” “Basketball,” “Hockey,” “Soccer,” “Motor Sports,” “Golf,” “Niche Sports,” “College Sports,” “Olympics” and the newly titled “Fighting Sports” – which reflects the rise of mixed martial arts in a sport once dominated by boxing. The final chapter, “The Future of Sport” is back, examining the influence of new media on all these games. There are also profiles of 45 networks, including 18 that distribute sports on a national basis, 21 regional sports networks, and profiles of six Canadian networks that carry sports.

## **CHAPTER ONE: FOOTBALL**

Gushing with TV revenue and reveling in record Super Bowl ratings, the National Football League continues its sparkling run atop the global sports economy. But as franchise values soared again in 2007 amid a historic cluster of TV rights deals, observers also began to see some small cracks in the league’s financial foundation.

The specters of labor unrest, ownership infighting and a dangerous ditching of the current salary cap all may loom, in part, precisely because so much money is surging into the NFL. Despite a solid revenue sharing system that equally divides \$3.7 billion<sup>1</sup> a year in TV income, a handful of elite clubs, like the Dallas Cowboys, are hauling in loads of extra cash while some small-market owners have begun whining about a competitive imbalance. That widening affluence gap is fueled by a single concrete fact: home teams in the NFL can retain all of the suite and stadium

sponsorship money that they generate. New digs in New York and Dallas soon will help those clubs afford more star players.<sup>ii</sup>

Meanwhile, growth of the league's very own television entity, the NFL Network, has been slowed by a lingering dispute with cable companies Comcast and Time Warner. In some circles, there is talk that the NFL Network – which enjoyed a massive ratings boost in 2007 – has been something of a drag on overall league revenue.<sup>iii</sup> And despite its abundant riches, NFL executives are now watching a rival sport gaining fast in the revenue game. Major League Baseball finished its 2007 season with just over \$6 billion in revenue – a shade less than the NFL's reported revenue total in 2006.<sup>iv</sup>

Of course, these figures pale when compared to the NFL's litany of other broadcast-related successes. They offer only a cautionary pause, a reminder that even the beast of TV sports has a few challenges to meet in coming year. In reality, any other professional league would kill for the NFL's financial engine, its television audience or its attendance. Pro football remains the top draw and the top earner.

“Nothing in sports seduces Americans the way the National Football League does,” the Washington Post wrote in September 2007. “If it seems as if the NFL is bigger, better, smarter and more relevant, that's only because it is.”

In any business, attraction is the word. Pulling in consumers is the key. In modern sports, nobody does that more effectively than the NFL. For the fifth consecutive year, the league set a regular-season record for attendance, drawing 17,341,012 total fans or 67,738 people per game. The bump over the 2006 attendance mark was small: just 133 fans.<sup>v</sup> But 14 of the 32 clubs hit or surpassed full capacity for the 2007 regular season.<sup>vi</sup>

On broadcast TV, NFL games enjoyed a slight ratings rise as well. In 2007, the league's three over-the-air TV partners – CBS, Fox and NBC – averaged 16.6 million viewers. The trio averaged 16.3 million NFL viewers in 2006. Moreover, NFL games on those three carriers lured an average primetime audience that was 91 percent larger than viewer numbers earned each evening by the four largest networks. (On ABC, NBC, CBS and Fox, an average of 8.7 million people tuned in to primetime programs).<sup>vii</sup> And then there's the godfather of all television, the Super Bowl. The 2008 NFL title game pitting then-undefeated New England against the New York Giants grabbed the second-largest TV audience of all time, 97.45 million people.<sup>viii</sup> Only the 1983 finale of *M\*A\*S\*H* scored more viewers – 105.97 people. The previous ratings record for the Super Bowl came in January 1996 when 94.08 viewers watched Dallas and Pittsburgh.

The white-hot power of television has elevated the NFL into an American obsession, which further feeds the league's coffers when it comes to merchandising and sponsorships. According to a 2007 ESPN poll, the NFL is No. 1 among fantasy sports enthusiasts (72 percent participation among respondents versus 24 percent for Major League Baseball, 11 percent for the National Basketball Association and 6 percent for NASCAR). In the world of gaming, *Madden NFL 07* (PS2) was a top

seller, the NPD Group reported in 2007. And during the 2007 calendar year, the NFL inked sponsorship deals with five new companies, Home Depot, Samsung, Bank of America, Bridgestone and Expedia.<sup>ix</sup>

“From the unpredictable road to the Super Bowl to the ‘Wait until next year’ April draft, ask any orange-and-blue face-painted, cheeseheaded, spiked shoulder-padded denizen of the Black Hole, or anywhere else across the county, and they’ll sing out with all their body and soul. Football is king,” the Denver Post wrote in September 2007.

With its team-first ethic, its clock-driven assault on enemy turf, and its time-tested blend of gritty brutality and athletic beauty, the NFL is a perfectly packaged slice of Americana that originally flourished during the TV Age and, so far, has maintained its momentum into the Internet age. The league has held its foothold near the top of national consciousness by continually widening its demographics. More women watched Super Bowl in 2007 (42.2 million) than total viewers watched the 2007 Academy Awards (40.2 million).<sup>x</sup> Among children 7-11 years old, 35 percent own a piece of clothing related to the NFL. The sport with the next highest ranking is Major League Baseball at 23 percent.<sup>xi</sup>

With its stake firmly and deeply planted in American soil, the NFL continues to expand its influence beyond U.S. borders. The league has committed to play at least one game in the United Kingdom in each of the next three years, and the Buffalo Bills have won approval to play one regular-season home game in Toronto, Canada in each of the next five seasons. Both pacts were announced in early 2008.<sup>xii</sup>

Is pro football simply a sure-fire business proposition? Not necessarily. While attendance was up for the Arena Football League in 2007<sup>xiii</sup>, its Nielsen ratings were down despite a fresh TV real with ESPN and ABC.<sup>xiv</sup> And across the Atlantic, NFL Europa, the European development league for American football, folded in 2007 amid years of stiff financial losses. These lowlights prove that the NFL – revved by its television muscle – has further entrenched itself into a generation and mastered this media moment.

### **TV Deals Set the Tone, Pump the Revenue**

The wealth of the NFL is tightly laced into its television rights deals. And most of those agreements will continue pumping billions up dollars into the league until 2011, accelerating each year.<sup>xv</sup> One pact, with ESPN, stretches into 2013.<sup>xvi</sup>

The 2006 pro football season marked the beginning of six-year contract extensions with old partners CBS and Fox which annually pay the league \$711.6 million and \$621.16 to broadcast regular-season and post-season action. CBS primarily carries games from the American Football Conference and Fox mainly carries games from the National Football Conference. NBC also returned to the NFL broadcast family in 2006, signing on for a six-year run (at \$600 million per season) to air *Sunday Night Football*. Over the life of those three deals, the NFL will receive \$11.6 billion.<sup>xvii</sup> The

over-the-air networks paid top dollar for a built-in audience: nearly three out of four Americans watch an NFL game on television each season.

But the contract signed by ESPN was an even more telling statement about the strength of the current NFL television market. After the 2005 season, ABC (decided not to continue its long-running *Monday Night Football* broadcast, in effect saying the games were not worth the steep rights fees. ABC and ESPN are both owned by the Walt Disney Company. When ABC stepped back, ESPN opted to grab the *Monday Night Football* coverage, laying out \$1.1 billion a year for eight years for the rights to those games. That's more than double what ABC had been paying the NFL.<sup>xviii</sup>

After the NFL secured its current crop of TV rights deals, the league collected total broadcast revenues in the fall of 2006 that outstripped the sum total of Major League Baseball, the National Basketball Association, National Hockey League, NASCAR, the NCAA and the last two Olympic Games combined.<sup>xix</sup>

Table 1.1 offers an overview of the current NFL television deals. Table 1.2 breaks down the NFL's most recent TV contracts, dating back to 1990.

**TABLE I:1: CURRENT NFL TELEVISION RIGHTS FEES**

Network or provider	Total contract	Term of deal	Annual fee
Fox	\$4.27 billion	2006-2011	\$711.6 million
CBS	\$3.73 billion	2006-2011	\$621.6 million
NBC	\$3.6 billion	2006-2011	\$600 million
ESPN	\$8.8 billion	2006-2013	\$1.1 billion
DirecTV	\$3.5 billion	2006-2010	\$700 million

**Source: Television Sports Rights, 2007; Sports Business Journal, 2006**

**TABLE I:2: NFL TV RIGHTS DEALS PAST AND PRESENT**

Years	Networks	Total Rights Fee	NFL \$/year	Team \$/year*
1990-93	ABC, CBS, NBC, ESPN, TNT	\$3.6 billion	\$0.9 billion	\$37.5 million
1994-97	ABC, Fox, NBC, ESPN, TNT	\$4.3 billion	\$1.1 billion	\$36.6 million
1998-2005	ABC, ESPN, CBS, Fox	\$17.6 billion	\$2.2 billion	\$70 million

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2006- 2011/2013	Fox, CBS, NBC, ESPN, DirecTV	\$23.9 billion	\$3.7 billion	\$115.6 million
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**Source: Television Sports Rights, 2007; Sports Business Journal, 2006  
\*over the course of the contracts**

The chief difference between the NFL and all other pro sports leagues is the NFL treats every game as a “national game.” Among the NBA, MLB and the National Hockey League, nightly games are almost always broadcast locally or regionally.<sup>xx</sup> NASCAR races may come closest to the NFL in striving to turn its weekend its races into “national” broadcasts, but the demographics of stockcar still skew toward the regional: southeastern states. But where the NBA, MLB, NHL and Major League Soccer offer the vast majority of their games via local or regional TV stations, the NFL is carried only by broadcast networks, ESPN or its own cable station, the NFL Network. In the confines of the NFL economy, revenue from national television, ticket and licensing revenue are shared equally among the 32 franchises<sup>xxi</sup>, infusing each team with hundreds of millions of dollars per season.

In 2006, each NFL team’s share of national TV revenues was \$84.7 million. That’s according to documents released by the Green Bay Packers, the league’s only publicly held team. That figure marked a 3 percent decrease from 2005. There are two possible explanations for this. First, that the TV rights deals between the networks and the NFL were in their initial year and the payments will accelerate as the contract matures. Two, the NFL Network lost a great deal of money in 2006.<sup>xxii</sup> That’s a theory proposed by Daniel Kaplan of Sports Business Daily.

“(Packers) officials could not say whether the NFL Network had previously contributed to the bottom line, though the club had not mentioned the channel in past years when discussing revenue,” Kaplan wrote in June 2007. “Because the network has been unable to reach deals with Time Warner and Cablevision, among other distributors, sources have wondered whether the channel, three years after its launch, remains a drain on team coffers.”

Kaplan suggested that the NFL Network’s expenses indeed outweighed its revenues in 2006, but the league’s bottom line was salvaged by TV deals with other media rights holders including CBS, Fox, ESPN, NBC, DirecTV and Sirius satellite radio. NFL owners may prefer to keep a share of its games on the NFL Network – and thus lose money – because that deficit would help hold down the league’s salary cap, Kaplan theorized in Sports Business Daily.

Owned and operated by the National Football League, the NFL Network offers 24-hour broadcasts, featuring 2,000 hours of original programming per year, including coverage of the NFL scouting combine and late-season games. The NFL Network is carried by Comcast and Cox cable systems as well as satellite providers DirecTV (which offers it to all 15.4 million customers) and Dish Network (which offers it to all 12.2 million customers).<sup>xxiii</sup> Nine months after the NFL inked its latest TV rights deals with NBC and ESPN, team owners agreed collectively to invest \$100 million

into their network, hoping to make it a much bigger venture. In 2006, the NFL Network launched its first live game broadcasts, eight for the season.<sup>xxiv</sup>

During the 2007 season, the NFL Network carried eight primetime games starting on Nov. 22. In 2006, the network was available to 70 million American households and had 41 million subscribers.<sup>xxv</sup> As of 2007, the all-football channel had 43 million subscribers, well under its aspirations of 65 million.<sup>xxvi</sup> Much of that shortfall is due to a protracted battle between the league and cable providers. Under the NFL's current agreements with cable and satellite systems, less than 40 percent of U.S. homes access the NFL Network. This shallow audience ignited yet another war over the network late in the season when the NFL Network was scheduled to air the historic game between the 15-0 New England Patriots and the New York Giants, the eventual Super Bowl match up. For weeks, fans who didn't receive the NFL Network complained about not being able to watch the game and demanded a simulcast on free, over-the-air TV. The league initially refused to cave in, saying the responsibility fell with major cable companies that are at the center of that intense feud with the league. In shorts, Comcast and Time Warner have declined to carry the NFL Network as part of their basic packages. That means their customers have to pay more to access a special sports tier to view the NFL Network. U.S. lawmakers eventually pressured the league to show the game more widely, even threatening Commissioner Roger Goodell by letter that Congress might reconsider the NFL's anti-trust exemption. Goodell relented and both CBS and NBC simulcast the NFL Network telecast.<sup>xxvii</sup>

The event marked the first three-network simulcast in league history. And it was the first NFL game simulcast since the inaugural Super Bowl in 1967, carried by both CBS and NBC.<sup>xxviii</sup>

To some observers, the NFL Network dispute represents a rare tactical error by the league and offers a clear view of the "arrogance" of NFL leaders. When the NFL originally opted to place eight primetime games on its own channel in 2006, it charged cable operators far higher fees to carry the games – between 20 to 70 cents more per subscriber. As a result, Comcast and Time Warner put the NFL Network on higher-cost sports tiers instead of basic cable as the NFL had wanted.<sup>xxix</sup> Comcast and the NFL Network went to court over the placement. The courts ruled in favor of Comcast, which ends its agreement with the NFL in mid-2009. Comcast also sent the NFL Network a cease-and-desist letter to stop asking its subscribers to abandon Comcast.<sup>xxx</sup>

On the eve of the NFL Network's opening primetime telecast for its 2007 schedule, Goodell was asked to respond to the suggestion by Dallas Cowboys owner Jerry Jones that fans should drop their cable subscriptions and go to satellite, which offers full coverage of the league's channel. The commissioner didn't back away from Jones' challenge. "What we're trying to do and Jerry is trying to do is tell fans that it's not going to be available on the cable operators that are holding out. The fans need to make sure that they're aware of that far enough in advance so if they want to find an alternative way to see that game, they can make the necessary plans, and that includes potentially changing services."<sup>xxxi</sup>

Asked whether there was any room for compromise, Goodell stayed on the offensive, saying the cable operators were simply trying to gouge customers by keeping the NFL Network off of digital basic packages. “We believe that they’re just putting us on the sports tier ... to charge our fans more money by wanting to create a new tier that can generate new revenues, and we don’t think that’s right for our fans.”<sup>xxxii</sup> According to Mediaweek, the present eight-game seasonal packages offered on the NFL Network are not going to change for the foreseeable future.<sup>xxxiii</sup>

But the league’s hard-line stance could cause the NFL to alienate the same broadcast partners with whom it should be aligning as it prepares for another round of TV rights deals. The reason: The NFL Network is directly competing for advertisers with the NFL’s current broadcast partners.<sup>xxxiv</sup>

Even some team owners are starting to ask whether the league can sustain its long run of rights fees increases. The NFL’s current TV pacts give the league an extra \$2.8 billion annually compared with the television agreements in place just 16 years ago. With new media, live screening and mobile monitoring still in their infancies, some owners believe the days of traditional TV dominance are nearing an end. According to one unnamed owner interviewed by ESPN.com, the league has a five-year “safe haven” in its bargaining muscle on TV contracts. After that, “there are going to be huge changes in how the games are presented,” the owner said.<sup>xxxv</sup>

### **Is a Ratings Juggernaut Slowing Down?**

What has long given the league its two-fisted moxie at the negotiating table is its Nielsen supremacy: NFL games have historically yielded massive television ratings. But during the 2007 regular season, two of the four NFL broadcast partners – ESPN and NBC –slumped in viewer numbers when compared to 2006.<sup>xxxvi</sup>

Overall, though, the ratings picture remained positive for the NFL with raw viewership having risen by 3 percent in 2007 and Nielsen ratings having edged 1 percent higher over 2006. Nielsen Media Research reported that 226 million Americans watched NFL games in 2007, an increase from 222 million in 2006 and from 195.8 million in 2005.<sup>xxxvii</sup> And those stats don’t include the ultimate TV bonanza: the Super Bowl.

Fox, which predominantly carries National Football Conference games, posted its highest NFL ratings since 1999, even though it lost eight Dallas Cowboys games to competing networks.<sup>xxxviii</sup> CBS, banking on the New England Patriots’ run to perfection, pushed its ratings 5 percent higher in 2007. Despite a mediocre, eight-game schedule that featured only two blockbusters (Green Bay at Dallas) and (New England at the New York Giants), the NFL Network rode those major events to a 42 percent ratings jump in 2007.<sup>xxxix</sup>



The ratings dip at ESPN and its *Monday Night Football* program was directly tied to a weak slate of games. NBC, on the other hand, enjoyed the benefit of flexible scheduling, allowing the network to cherry pick certain captivating clashes as the season progressed. Yet while NBC hit a high-water mark of 21.81 million viewers for its coverage of the Patriots and Philadelphia Eagles on Nov. 25, *Sunday Night Football* limped home the rest of the season with three games that pulled in only 14 million viewers and one, the Indianapolis Colts versus the Baltimore Ravens (Dec. 9), that earned just 12.7 million viewers.<sup>xl</sup>

Table I:3 lists the 2007 viewership numbers and ratings for the four NFL rights holders plus the NFL Network, as well as a comparison with 2006 and 2005.

**TABLE I:3: RATINGS FOR NFL TV PARTNERS**

<b>Network</b>	<b>Average Viewership 2007</b>	<b>Percent Change in Viewership from 2006</b>	<b>Average Ratings 2007</b>	<b>Average Viewership 2006</b>	<b>Percent Change in Viewership from 2005</b>
<b>CBS</b>	16.7 million	+ 5 percent	10.3	15.2 million	+1 percent
<b>FOX</b>	17.1 million	+ 1 percent	10.7	16.6 million	+ 5 percent
<b>NBC</b>	16.1 million	- 9 percent	10.0	17.5 million	+ 7 percent*
<b>ESPN</b>	11.2 million	- 11 percent	7.3	12.3 million	+ 41 percent**
<b>NFL Network</b>	4.6 million	+ 42 percent	2.7	4.1 million	--

\*Compared to ABC's *Monday Night Football* in 2005

\*\*Compared to ESPN's *Sunday Night Football* in 2005

Sources: Nielsen Media Research, USA Today, TVbythenumbers.com, ESPN.com, NFLMedia.com

Compared even to regular, primetime programming, the NFL continues to be a sure bet for the networks. Regular-season games on CBS, Fox and NBC pulled in an average 16.6 million people which was 91 percent higher than the average primetime viewership among the big four networks (which notched an average of 8.7 million people).<sup>xli</sup>

That gap is widening. Table I:4 illustrates the audiences for NFL games versus those who tune in for primetime network shows, each season dating back to 2002.

**TABLE I:4: NFL AVERAGE VIEWS VERSUS PRIMETIME TV**

	<b>NFL on Broadcast</b>	<b>Broadcast Primetime</b>	<b>NFL Advantage</b>
2002 Ave. Viewers	15.8 million	10.3 million	<b>52%</b>
2003 Ave. Viewers	15.5 million	9.9 million	<b>56%</b>
2004 Ave. Viewers	15.4 million	9.8 million	<b>57%</b>
2005 Ave. Viewers	15.6 million	9.7 million	<b>61%</b>

2006 Ave. Viewers	16.3 million	9.8 million	<b>66%</b>
2007 Ave. Viewers	16.6 million	8.7 million	<b>91%</b>

*Source: NFL & Nielsen Media Research. NFL regular season on Broadcast Television (CBS, FOX & NBC...ABC prior to 2006). Broadcast primetime on BIG 4 networks (ABC, CBS, NBC & FOX) all programs, NFL regular season dates used.*

The league once again grabbed slots among the 10 highest-rated network programs when compared by average viewership. In fact, CBS enjoyed its most-watched season since it started carrying AFC Sunday afternoon games in 1998. Fox, meanwhile, posted its most-watched season since 1995. There's no question, the Patriots regular-season run to a 17-0 record energized the Nielsen numbers. For the first time since 1987, three games topped the 30-million viewer mark: Patriots-Giants (34.5 million), Patriots-Colts (33.8 million) and Steelers-Patriots (30.3 million). In fact, those three telecasts were the only three programs of the corresponding TV season to reach 30 million viewers. But on cable, too, league commanded, holding every spot in the top 10 ratings.<sup>xliii</sup>

Tables I:5, 1:6 and 1:7 show the game's ratings prowess compared to general broadcast-TV programming, including the NFL's entrenched position with the demographic, men 18-49. Table 1:7 displays the league's cable strength through its rights agreement with ESPN.

**TABLE I:5: TOP 10 NETWORK PROGRAMS, AVERAGE VIEWERS, FALL 2007**

Network	Program Viewers
<b>1. CBS Sunday National Game</b>	<b>22.3 million</b>
<b>2. FOX Sunday National Game</b>	<b>22.2 million</b>
3. Dancing With The Stars	21.2 million
4. Dancing With The Stars Results	19.2 million
5. Desperate Housewives	16.9 million
6. CSI	16.8 million
<b>7. FOX Sunday Single Game</b>	<b>16.5 million</b>
<b>8. CBS Sunday Single Game</b>	<b>16.3 million</b>
<b>9. NBC Sunday Night Football</b>	<b>16.0 million</b>
10. House	14.6 million

Source: NFL, Nielsen Media Research

**TABLE I:6: BROADCAST RATINGS, MEN 18-49**

PROGRAM	RATING
<b>1. FOX Sunday National Game</b>	<b>11.5</b>
<b>2. CBS Sunday National Game</b>	<b>11.1</b>
<b>3. NBC Sunday Night Football</b>	<b>8.7</b>

4. FOX Sunday Single Game	8.5
5. CBS Sunday Single Game	8.2
6. FOX Sunday Regional Game	6.1
7. The OT (FOX NFL Postgame)	5.9
8. NBC Sunday Night Pre-Kick	5.8
9. Family Guy	5.5
10. CBS Sunday Regional Game	5.3

(Regional: First window of a doubleheader)

(National: Second window of a doubleheader)

(Single: Only window on network not airing doubleheader that week.)

Source: NFL, Nielsen Media Research, 9/6/07-12/31/07

**TABLE I:7: TOP-10 MOST WATCHED SHOWS, 9/6/07-12/31/07**

Program (Game)	Viewers
<b>1. NFL Network Saturday Night Football (Patriots-Giants).....</b>	<b>34.5 million</b>
<b>2. CBS Sunday National (mostly Patriots-Colts).....</b>	<b>33.8 million</b>
<b>3. CBS Sunday National (mostly Steelers-Patriots).....</b>	<b>30.3 million</b>
<b>4. CBS Sunday National (mostly Patriots-Cowboys).....</b>	<b>29.1 million</b>
5. CSI (season premiere).....	25.4 million
<b>6. FOX Thanksgiving Day (Packers-Lions).....</b>	<b>25.3 million</b>
<b>7. FOX Sunday National (mostly Cowboys-Giants).....</b>	<b>25.1 million</b>
<b>8. CBS Thanksgiving Day (Jets-Cowboys).....</b>	<b>25.0 million</b>
9. Dancing with the Stars Results Show (finale).....	24.9 million
10. Dancing with the Stars (performance finale).....	24.5 million

Source: NFL, Nielsen Media Research

**TABLE I:8: 10 MOST-WATCHED PROGRAMS ON BASIC CABLE, 9/6/07-12/31/07**

Program, Date	Viewers
<b>1. ESPN Monday Night Football (Patriots-Ravens), 12/3</b>	<b>17.5 million</b>
<b>2. ESPN Monday Night Football (Packers-Broncos), 10/29</b>	<b>14.0 million</b>
<b>3. ESPN Monday Night Football (Dolphins-Steelers), 11/26</b>	<b>13.1 million</b>
<b>4. ESPN Monday Night Football (Cowboys-Bills), 10/8</b>	<b>13.0 million</b>
<b>5. ESPN Monday Night Football (Bears-Vikings), 12/17</b>	<b>12.8 million</b>
<b>6. ESPN Monday Night Football (Colts-Jaguars), 10/22</b>	<b>12.5 million</b>
<b>7. ESPN Monday Night Football (Patriots-Bengals), 10/1</b>	<b>11.8 million</b>
<b>8. ESPN Monday Night Football (Redskins-Eagles), 9/17</b>	<b>11.6 million</b>
<b>9. ESPN Monday Night Football (Bengals-Ravens), 9/10</b>	<b>11.1 million</b>
<b>10. ESPN Monday Night Football (Titans-Saints), 9/24</b>	<b>10.8 million</b>

Source: NFL, Nielsen Media Research

### Super Bowl Hits New Highs – In Ratings and Revenue

The unofficial national holiday, the NFL title game, was watched by nearly a third of Americans over the course of the game, and half the population tuned in for at

least part of the action.<sup>xliii</sup> In terms of raw viewer numbers, Super Bowl LXII between New England and the New York Giants set a record for the event, although 19 previous Super Bowls grabbed higher Nielsen ratings.<sup>xliv</sup>

Advertising revenue from the big game also charted top numbers for Fox, the network that broadcast the 2008 Super Bowl. According to News Corp., the parent company Fox, the company reaped \$250 million in ad revenue on the day of the Super Bowl, the biggest day in Fox history.<sup>xlv</sup>

Then again, the Super Bowl merely capped another stunning post-season ratings run for the NFL. Three playoff games – Giants-Packers, Chargers-Patriots and Giants-Cowboys – were the three highest-rated TV shows between Sept. 6, 2007 and Jan. 20, 2008. The AFC and NFL Championship games averaged 49.8 million viewers, combining for the highest viewer numbers on that weekend since 1995 and marking a 10 percent increase over the same games in 2006. The Giants-and-Packers’ battle for the NFC Championship on Fox drew 53.9 million viewers – the most watched non-Super Bowl program on TV since the final episode of News Corp in 1998. The *Seinfeld* finale attracted 76.3 million people.<sup>xlvi</sup>

Table I:9 shows that NFL’s post-season ratings, even without the Super Bowl added to the equations, beats the TV viewer numbers for the championship games in two other pro sports.

**TABLE I:9: NFL POSTSEASON VERSUS MLB AND NBA TITLE GAMES, 2007**

EVENT	RATING	AVE. VIEWERS
2007 NFL Playoffs*	19.5	33.0 million
2007 World Series	10.6	17.1 million
2007 NBA Finals	6.2	9.3 million

\*Does not include Super Bowl XLII

**Source: NFL.com, January 2008**

For the NFL, the Super Bowl offered a near-perfect scenario for ratings success: an undefeated team and burgeoning dynasty met a Cinderella team from one of the nation’s media capitals. The results: A record number of total viewers clicked in to watch part of the game.<sup>xlvii</sup> Table I:10 lists the top five Super Bowls in terms of total viewers and Table I:11 breaks down the top five Super Bowls in terms of Nielsen ratings. As the U.S. population has grown, the game has attracted higher raw numbers. But as the number of TV choices has also expanded, the Super Bowl has struggled to match the historic ratings of the late 1970s and early 1980s. Note: Super Bowl LXII between New England and New York earned a rating of 43.2, the highest since 2000 when St. Louis and Tennessee met in the Super Bowl.

**TABLE I:10: TOP FIVE SUPER BOWLS, TOTAL VIEWERS**

Super Bowl	Year	Network	Tot. Viewers	Teams
XLII	2008	Fox	148.3 million	NY/New Eng

XXXVIII	2003	CBS	144.4 million	New Eng/Car
XL	2006	ABC	141.4 million	Pitt/Sea
XLI	2007	CBS	139.8 million	Ind/Chi
XXXVII	2002	ABC	138.9 million	Tam/Oak

**Source: NFL.com**

**TABLE I:11:TOP FIVE SUPER BOWLS, RATINGS**

Super Bowl	Year	Network	Rating	Teams
XVI	1982	CBS	49.1	SF/Cin
XVII	1983	NBC	48.6	Wash/Miami
XX	1986	NBC	48.3	Chi/New Eng
XII	1978	CBS	47.2	Dallas/Den
XIII	1979	NBC	47.1	Pitt/Dallas

**Source: NFL.com**

### **Team Values Form New Billionaires Club**

The NFL in 2007 boasted five franchises valued at more than \$1 billion each, up from just one team (Washington) that earned that rare air in 2006, according to Forbes magazine’s annual appraisal of NFL club finances. But from the new No. 1, Dallas, all the way down to No. 32, the Minnesota Vikings, the league’s members all share in the vast vat of TV revenues, a pipeline that makes the NFL the richest sports league on the planet. About two-thirds of the NFL’s money comes from its TV deals. The differences between the NFL’s moneyed and less-moneyed clubs are often due to stadium deals and the accompanying sponsorship and suite revenue that the facilities generate: those funds can be pocketed by individual franchises.<sup>xlviii</sup>

At the start of the 2007 season, Forbes crunched the numbers on team debt, revenues and operating income to determine overall value of each franchise. Dallas and the two teams that made the biggest jumps from the 2006 appraisal – the New York Jets and Giants, which each climbed 12 spots – all will play in new stadiums in upcoming seasons. But the Cowboys hold the top spot largely because owner Jerry Jones got \$325 million in taxpayer subsidies to help build his new stadium. The Giants and Jets got no taxpayer help in the construction of their shared, open-roof facility in New Jersey. At the same time, the Cowboys’ new stadium in Arlington, Texas boasts more than 200 suites which lease for more than \$350,000 per year. Jones is expected to pull in another \$50 million in stadium sponsorships. Under the NFL economy, that money will stay with the Cowboys, unlike the cash that’s funneled equally to each team from the league’s TV contracts. So Dallas will be able to spend more on signing bonuses for star players – the official way that team’s can skirt the NFL salary cap (which limits players to 57 percent of league revenue.) Team owners in Jacksonville, Atlanta and Buffalo have publicly complained that this revenue structure makes it more difficult for their clubs to stay competitive with the richer teams.<sup>xlix</sup> Table I:12 reproduces the 2007 Forbes list.

**TABLE I:12: NFL TEAM VALUES**

TELEVISION SPORTS  
RIGHTS, 2008

<u>Team</u>	<u>Current Value (\$mil)</u>	<u>1-Yr Value Change (%)</u>	<u>Debt/Value (%)</u>	<u>Revenue (\$mil)</u>	<u>Operating Income (\$mil)</u>
1	<a href="#"><u>Dallas Cowboys</u></a>	1,500	28	42	242
2	<a href="#"><u>Washington Redskins</u></a>	1,467	3	16	312
3	<a href="#"><u>New England Patriots</u></a>	1,199	2	25	255
4	<a href="#"><u>Houston Texans</u></a>	1,056	1	28	225
5	<a href="#"><u>Philadelphia Eagles</u></a>	1,052	3	17	224
6	<a href="#"><u>Denver Broncos</u></a>	994	2	20	212
7	<a href="#"><u>Chicago Bears</u></a>	984	4	19	209
8	<a href="#"><u>New York Giants</u></a>	974	9	67	195
9	<a href="#"><u>Cleveland Browns</u></a>	969	0	10	206
10	<a href="#"><u>New York Jets</u></a>	967	10	67	193
11	<a href="#"><u>Baltimore Ravens</u></a>	965	2	28	205
12	<a href="#"><u>Tampa Bay Buccaneers</u></a>	963	1	15	205
13	<a href="#"><u>Kansas City Chiefs</u></a>	960	7	14	196
14	<a href="#"><u>Carolina Panthers</u></a>	956	2	13	203
15	<a href="#"><u>Miami Dolphins</u></a>	942	3	37	215
16	<a href="#"><u>Pittsburgh Steelers</u></a>	929	6	8	198
17	<a href="#"><u>Green Bay Packers</u></a>	927	2	4	197
18	<a href="#"><u>Tennessee Titans</u></a>	922	4	14	196
19	<a href="#"><u>Seattle Seahawks</u></a>	921	4	13	196
20	<a href="#"><u>Cincinnati Bengals</u></a>	912	11	11	194
21	<a href="#"><u>Indianapolis Colts</u></a>	911	9	11	184
22	<a href="#"><u>St Louis Rams</u></a>	908	8	4	193
23	<a href="#"><u>Arizona Cardinals</u></a>	888	13	17	189
24	<a href="#"><u>Detroit Lions</u></a>	870	4	40	189
25	<a href="#"><u>New Orleans Saints</u></a>	854	16	15	194
26	<a href="#"><u>San Diego Chargers</u></a>	826	13	12	192
27	<a href="#"><u>Buffalo Bills</u></a>	821	9	9	189
28	<a href="#"><u>Oakland Raiders</u></a>	812	10	7	189
29	<a href="#"><u>Jacksonville Jaguars</u></a>	811	9	14	189
30	<a href="#"><u>San Francisco 49ers</u></a>	799	9	13	186
31	<a href="#"><u>Atlanta Falcons</u></a>	796	9	34	185
32	<a href="#"><u>Minnesota Vikings</u></a>	782	9	40	182

Source: Forbes magazine

NFL Labor: Storm clouds gathering?

The league's collective bargaining agreement, in place since 2006 and scheduled to expire in 2010, also contains a November 2008 opt-out clause for either side. And in early 2008, the NFL Players Association said publicly that it expects the owners will indeed pull out of the deal. Union leader Gene Upshaw added that team owners believe "the players have too good a deal."<sup>li</sup> Commissioner Roger Goodell didn't shy away from that sentiment in February 2008, saying, "the economics aren't working."<sup>li</sup>

Some owners, especially those without sweetheart stadium deals, are concerned about operational costs. NFL players get 60 percent of NFL revenue.<sup>lii</sup> Given that setup, the owners may vote to void the CBA in an attempt to restructure the way they and the union conduct business under the salary cap. But scrapping the labor deal would eliminate the salary cap after the 2009 season and, according to Upshaw, "there isn't a player in the league who doesn't understand that if we don't have a cap, we will never have one again."<sup>liii</sup> Under the cap – in place since 1994 – the NFL has flourished financially and the owners and players have worked in peace.

If the owners throw out the CBA in November, the players may choose to decertify their union so that they can sue the NFL on antitrust grounds, as the players did in 1989 following a three-week strike in 1987. As long as the union remains in place, the NFL is immunized against antitrust statutes.<sup>liv</sup>

Goodell has expressed confidence that labor peace will continue to reign but he also acknowledged some teams are struggling financially under the present system, and changes must be made.<sup>lv</sup>

"It's clear that our ownership feels that there are aspects of the labor agreement that are putting an undue burden on ... most clubs," Goodell said. "They (the players) need to have recognition of some of the expenses that go with operating a club, most specifically around stadiums, which generate revenue (that) the players benefit from more than anyone ... We just want to sit down; we want to address the issues as we always have."<sup>lvi</sup>

## **The Global Push**

The NFL hasn't quite maxed out the market on home soil, although it is getting close. In 2007, attendance hit 90 percent of total stadium capacity. By drawing 17.3 million fans, it marked the fifth straight season of record attendance.<sup>lvii</sup> Still, the league is looking harder than ever for fans outside the American borders.

One setback in that globalization quest came in June 2007 when the six-team NFL Europa folded after 15 seasons amid severe financial losses. Originally formed It had served as a player development league for the NFL. In its final version, NFL Europa had five German-based teams and the Amsterdam Admirals. According to some reports, the league was losing \$30 million to \$54 million per season.<sup>lviii</sup>

The NFL remains focused on the European market, especially on London. The league will return there in October 2008 for another game, a regular-season contest between New Orleans and San Diego.<sup>lix</sup> Two ownership committees also recommended that the league play one game in the United Kingdom during each of the next three seasons. Goodell endorsed the idea. As a result, there will be one regular-season game in England in 2009 and 2010.<sup>lx</sup>

The NFL had planned to play a 2007 pre-season game in China. That was scrapped. But the league is expected to stage a game in China sometime after the Beijing Olympics.<sup>lxi</sup> Mexico also may get another game in 2009. A 2005 game in Mexico between San Francisco and Arizona was a popular success.<sup>lxii</sup>

Although it sits just over the U.S. border, Toronto is another target for NFL globalization. NFL owners approved a suggestion by the Buffalo Bills that the team play one regular-season home game in Toronto in each of the next five seasons.<sup>lxiii</sup>

### **Arena Football League Fills Seats but Slumps On TV**

The AFL, aired on ABC and ESPN for the first time in 2007, lagged in the ratings compared to 2006. (ESPN owns 10 percent of the Arena League.) The season opener on ABC grabbed 1.0 percent of all U.S. households, while 16 regular-season games on ESPN2 pulled in just 0.2 percent of the 94 million homes with access to ESPN. That's far lower than the 0.8 percent that the league averaged on NBC during 2006, the final year of its agreement with that network.<sup>lxiv</sup>

According to one ESPN programming executive, the ratings "are about what we expected them to be for this first season," but ESPN still sees vast growth potential.<sup>lxv</sup>

The AFL did boast record regular-season attendance figures in 2007, however. The league grabbed 1.89 million fans compared to 1.82 million in 2004. Average attendance for the seasons 152 games was 12,412, a slight increase from the 2006 average of 12,326.<sup>lxvi</sup>

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<sup>i</sup> Television Sports Rights, 2007; Sports Business Journal 2006

<sup>ii</sup> ESPN.com, Jan. 31, 2008

<sup>iii</sup> Sportmediabiz.blogspot.com, June 25, 2007

<sup>iv</sup> CNNMoney.com, Oct. 25, 2007

<sup>v</sup> Associated Press, Jan. 3, 2008

<sup>vi</sup> sports.espn.go.com/nfl/attendance

<sup>vii</sup> NLFMedia.com, January 2008

<sup>viii</sup> Nielsen Media Research, Feb. 3, 2008

<sup>ix</sup> NFLMedia.com, January 2008



- <sup>x</sup> NFL and Nielsen Media Research, March 2007
- <sup>xi</sup> ESPN Sports Poll, January-June 2007
- <sup>xii</sup> NFL.com, Feb. 1, 2008
- <sup>xiii</sup> Arenafan.com, June 26, 2007
- <sup>xiv</sup> Newsday, July 27, 2007
- <sup>xv</sup> Sportmediabiz.blogspot.com, June 25, 2007
- <sup>xvi</sup> Sports Business Journal, 2006
- <sup>xvii</sup> Sports Business Journal, 2006
- <sup>xviii</sup> Forbes.com, Sept. 13, 2007
- <sup>xix</sup> Sportsbiznewz.blogspot.com, May, 21, 2007
- <sup>xx</sup> Fox Business, Jan. 21, 2008
- <sup>xxi</sup> Forbes.com, Sept. 13, 2007
- <sup>xxii</sup> Sports Business Journal, June 25, 2007
- <sup>xxiii</sup> Wikipedia
- <sup>xxiv</sup> Sportsbiznews.blogspot.com, May, 21, 2007
- <sup>xxv</sup> NFL.com/nflnetwork
- <sup>xxvi</sup> ESPN.com, Jan. 31, 2008
- <sup>xxvii</sup> Associated Press, Dec. 27, 2007
- <sup>xxviii</sup> Associated Press, Dec. 27, 2007
- <sup>xxix</sup> ESPN.com, Jan. 31, 2008
- <sup>xxx</sup> Wikipedia
- <sup>xxxi</sup> NFL.com, Nov. 20, 2007
- <sup>xxxii</sup> NFL.com, Nov. 20, 2007
- <sup>xxxiii</sup> Sportsbiznews.blogspot.com, May 21, 2007
- <sup>xxxiv</sup> ESPN.com, Jan. 31, 2008
- <sup>xxxv</sup> ESPN.com, Jan. 31, 2008
- <sup>xxxvi</sup> USA Today, Jan. 6, 2008
- <sup>xxxvii</sup> NFL.com, January 2008
- <sup>xxxviii</sup> USA Today, Jan. 6, 2008
- <sup>xxxix</sup> USA Today, Jan. 6, 2008
- <sup>xl</sup> Nielsen Media Research; TVbythenumbers.com, 2007-2008
- <sup>xli</sup> NFL.com, January 2008
- <sup>xlii</sup> NFL.com, January 2008
- <sup>xliii</sup> Newsday, Feb. 5, 2008
- <sup>xliv</sup> NFL.com, January 2008; Newsday, Feb. 5, 2008
- <sup>xlv</sup> LA Times, Feb. 5, 2008
- <sup>xlvi</sup> NFL.com, January, 2008
- <sup>xlvii</sup> Newsday, Feb. 5, 2008
- <sup>xlviii</sup> Forbes magazine, Sept. 13, 2007
- <sup>xlix</sup> Forbes magazine, Sept. 13, 2007
- <sup>l</sup> USA Today, Feb. 1, 2008
- <sup>li</sup> NFL.com, Feb. 5, 2008
- <sup>lii</sup> USA Today, Feb. 1, 2008
- <sup>liii</sup> USA Today, Feb. 1, 2008
- <sup>liv</sup> USA Today, Feb. 1, 2008
- <sup>lv</sup> NFL.com, Feb. 5, 2008
- <sup>lvi</sup> NFL.com, Feb. 5, 2008
- <sup>lvii</sup> ESPN.com, Jan. 31, 2008
- <sup>lviii</sup> Agence France-Presse, June 29, 2007
- <sup>lix</sup> Sporting News, Feb. 1, 2008
- <sup>lx</sup> NFL.com, Feb. 1, 2008
- <sup>lxi</sup> Agence France-Presse, June 29, 2007
- <sup>lxii</sup> Sporting News, Feb. 1, 2008
- <sup>lxiii</sup> NFL.com, Feb. 1, 2008

<sup>lxiv</sup> Newsday, July 27, 2007

<sup>lxv</sup> Newsday, July 27, 2007

<sup>lxvi</sup> ArenaFan.com, June 26, 2007

## CHAPTER TWO: BASEBALL

Despite its lagging steroid scandal and the toxic public aftermath of both the Mitchell Report and the Roger Clemons perjury probe, Major League Baseball continued its potent rise from the distant ashes of the 1994 work stoppage. MLB hauled in a record \$6 billion in revenues in 2007, bringing it on pace in that category with the long-dominant National Football League.<sup>lxvi</sup> MLB stadiums also set new attendance records in 2007 and the league's TV ratings even showed some fresh life during the post season.

The MLB economy looked so bright, in fact, that team owners voted unanimously at their quarterly meetings in 2008 to extend the contract of Commissioner Bud Selig through the 2012 season. This was his third extension. Selig has held the post since 1992 when he became interim commissioner. He was elected as the league's ninth-ever commissioner in 1998, and he is now the second longest-serving commissioner following only Kenesaw Mountain Landis who held the post from 1921 to 1944.<sup>lxvi</sup>

"My optimism about the future of Major League Baseball has never been greater," Selig said. "Through the hard work of many, our great game has made many meaningful strides. We have achieved unprecedented labor peace, competitive balance, record attendance, business performance and exciting international growth."<sup>lxvi</sup>

Although baseball still had a significant gap between its richest and poorest clubs – a chasm that helped create perennial contenders in Boston and New York (Yankees) and traditional also-rans in Kansas City and Pittsburgh – MLB could point to several bullish trends in 2007. A commitment to new media during Selig's tenure has been part of the resurgent revenue stream.<sup>lxvi</sup> Labor peace also has provided a solid foundation for growth. When the league's current collective bargaining agreement expires in 2011, baseball will have gone 16 years without a work stoppage, the longest swath of player-union accord since the inception of the CBA.<sup>lxvi</sup>

MLB should receive another financial bump in 2009 when it rolls out its 24-hour baseball channel, the MLB Network. The league will own two-thirds of the channel which is slated to reach 47 million homes on its first day – the widest launch of any

cable channel in history. Some observers say the MLB Network will enjoy a stronger debut than did the NFL Network, which has not yet met its initial audience goals.<sup>lxvi</sup>

**One Year In: New TV Deals a Mixed Bag**

The 2007 season marked the start of the Fox network’s third rights deal with Major League Baseball. Turner Broadcasting System, meanwhile, began its first season as a national rights holder with MLB. Where ratings are concerned, the cable channel had a better comparative start.

The total value of the two deals, hatched at mid-season in 2006, was \$3 billion. While those latest agreements give MLB far less annual revenue than the NFL’s broadcast contracts, they nonetheless equal a 19 jump in value over past TV pacts in baseball, according to USA Today. Also in 2007, ESPN marked the second year of its eight-year rights deal with the league. When the three are combined, MLB rakes in almost \$670 million per year from its broadcast agreements. Table II:1 recounts Major League Baseball’s TV deals and rising rights fees since the mid-1980s.

**TABLE II:1: MLB TELEVISION CONTRACTS, 1984-2007**

YEARS	NETWORKS	RIGHTS FEES	DETAILS
1984-89	ABC, NBC	\$1.1 billion	Payments to MLB were <b>\$184 million/year</b>
1990-93	CBS	\$1.1 billion	Based on shorter term of contract, CBS paid MLB <b>\$275 million/year</b>
1994-95	ESPN	\$400 million	ESPN becomes first cable network to be part of MLB TV deal, paying the league <b>\$200 million a year</b> for rights
1994-95	ABC, NBC	No rights fees	Revenue sharing under MLB’s “The Baseball Network”

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RIGHTS, 2008

1994-99	ESPN	\$225 million	ESPN's deal, worth <b>\$42.5 million a year</b> to MLB, was amended when the 1996-2000 rights deal was negotiated
1996-2000	Fox, NBC, ESPN, Fox Sports Net/FX	\$1.677 billion	With NBC retaining a segment of the rights deal and ESPN staying in, MLB signed a pact with Fox, Fox Sports Net and FX for higher than expected TV dollars; MLB earns <b>\$335.4 million a year</b> from these deals
2000-2005	ESPN	\$851 million	On the eve of a court date, MLB and ESPN negotiated a six-year deal that greatly increased MLB's exposure on ESPN networks; the cable network pays MLB <b>\$141.8 million a year</b>
2001-2006	Fox	\$2.5 billion	MLB earns <b>\$416.6 million a year</b> from its only network contract
2006-2013	ESPN	\$2.37 billion	MLB earns <b>\$296.2 million a year</b> from ESPN – more than double what the network paid for its previous contract with MLB

2007-2013	Fox, TBS	\$3 billion	Together, the deal pays MLB <b>\$428.6 million a year</b>
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**SOURCES: Sports Business Journal, 2005/06; Television Sports Rights, 2007**

Through its deal, Fox gets exclusive rights to broadcast the All-Star Game and World Series. Fox also owns the right to the American League Championship Series during odd-numbered years and the National League Championship Series in even-numbered years. TBS airs the American and National League Championships in the corresponding years.<sup>lxvi</sup> TBS also provides exclusive coverage of the Division Series in each league.<sup>lxvi</sup>

Fox gained a bit of ground in its 2007 World Series ratings compared to 2006, even though the series between Boston and Colorado only reached four games; five, six or seven-game series tend to draw increasing numbers of viewers in later games. Still, the margin of success was small: the 2007 World Series drew the second-smallest audience ever, nudging just past the 2006 numbers. For its All-Star Game coverage, Fox hit the second-lowest Nielsen numbers ever for that event, a rating of 8.4. That was a tumble from the 9.3 rating that Fox drew for the 2006 All-Star Game.<sup>lxvi</sup>

Overall, Fox parent News Corp. reported a fiscal, second-quarter profit of \$832 million for the three months ending Dec. 31, 2007. That represented a 1 percent increase from the \$822 million it earned in the same period in 2006. Revenue also rose 9.5 percent to \$8.6 billion through solid performances at its Fox broadcast and cable networks. But within those numbers there were mixed signals on Major League Baseball. The operating income for News Corp.'s television division hit \$245 million – more than double the \$112 million it earned during the same period in 2006. According to analysts, Fox was able to lower its programming costs by reducing the number of Major League Baseball postseason games it aired. At the same time, though, operating income at the Fox-owned TV stations fell by 16 percent, largely due to lower revenue from political ads and the fact that, in 2007, TBS owned the rights to the MLB divisional series.<sup>lxvi</sup>

Regionally, cable rights fees and the Fox Sports Net family have also been a boon to baseball. Fox's regional cable sports networks currently own the rights to 19 MLB teams, paying fees of \$257 million.<sup>lxvi</sup>

While the national ratings on Fox were marginal, TBS scored decent numbers for its post-season ride in 2007. The Turner network's first year of MLB Division Series coverage scored a 26 percent increase in total viewers compared to the 2006 games on other baseball carriers. In fact, that baseball audience helped TBS post its best ratings week ever.<sup>lxvi</sup>

Tables II:2 and II:3 display historic ratings for the World Series and All-Star Game, spanning 40 years. Both events have been on a steady ratings decline since the early 1990s, before the league's last work stoppage.

**TABLE II:2: WORLD SERIES RATINGS, 1968-2007**

<b>Year / Series</b>	<b>Television Network</b>	<b>Rating</b>	<b>Share</b>
1968	NBC	22.8	57
1969	NBC	22.4	58
1970	NBC	19.4	53
1971	NBC	24.2	59
1972	NBC	27.5	58
1973	NBC	30.7	57
1974	NBC	25.6	47
1975	NBC	29.0	53
1976	NBC	27.7	48
1977	ABC	29.9	52
1978	NBC	32.7	56
1979	ABC	28.0	51
1980	NBC	32.8	56
1981	ABC	30.0	49
1982	NBC	28.0	49
1983	ABC	23.3	41
1984	NBC	22.9	40
1985	ABC	25.3	39
1986	NBC	28.6	46
1987	ABC	24.0	41
1988	NBC	23.9	39
1989	ABC	16.4	30
1990	CBS	20.8	36
1991	CBS	24.0	39
1992	CBS	20.2	34
1993	CBS	17.3	30
1994	n/a	n/a	n/a
1995	ABC / NBC	19.5	33
1996	FOX	17.4	29
1997	NBC	16.8	29
1998	FOX	14.1	24
1999	NBC	16.0	26
2000	FOX	12.4	21

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RIGHTS, 2008

2001	FOX	15.7	25
2002	FOX	11.9	20
2003	FOX	13.9	25
2004	FOX	15.8	25
2005	FOX	11.1	19
2006	FOX	10.1	17
2007	FOX	10.6	18

Source: Baseball Almanac 2008

**TABLE II:3: ALL-STAR GAME RATINGS, 1968-2007**

Year	Network	Rating	Share	Households
1967	NBC	25.6	50	14,050,000
1968	NBC	25.8	49	14,450,000
1969	NBC	15.1	42	8,610,000
1970	NBC	28.5	54	16,670,000
1971	NBC	27.0	50	16,230,000
1972	NBC	22.9	43	14,220,000
1973	NBC	23.8	45	15,420,000
1974	NBC	23.4	44	15,490,000
1975	NBC	21.5	41	14,730,000
1976	ABC	27.1	53	18,680,000
1977	NBC	24.5	45	17,440,000
1978	ABC	26.1	47	19,030,000
1979	NBC	24.4	45	18,180,000
1980	ABC	26.8	46	20,450,000
1981	NBC	20.1	36	15,640,000
1982	ABC	25.0	44	20,380,000
1983	NBC	21.5	39	17,910,000
1984	ABC	20.1	35	16,840,000
1985	NBC	20.5	36	17,400,000
1986	ABC	20.3	35	17,440,000
1987	NBC	18.2	37	15,910,000
1988	ABC	20.4	33	18,070,000
1989	NBC	18.2	33	16,450,000
1990	CBS	16.2	33	14,940,000

1991	CBS	17.4	32	16,200,000
1992	CBS	14.9	27	13,720,000
1993	CBS	15.6	28	14,550,000
1994	NBC	15.7	28	14,790,000
1995	ABC	13.9	25	13,260,000
1996	NBC	13.2	23	12,659,000
1997	FOX	11.8	21	11,446,000
1998	NBC	13.3	25	13,034,000
1999	FOX	12.0	22	11,928,000
2000	NBC	10.1	18	10,181,000
2001	FOX	11.0	19	11,242,000
2002	FOX	9.5	17	10,023,000
2003	FOX	9.5	17	10,137,000
2004	FOX	8.8	15	9,897,000
2005	FOX	8.1	14	8,878,000
2006	FOX	9.3	16	14,420,000
2007	FOX	8.4	15	12,500,000

**Source: Baseball Almanac 2008**

### **Baseball Economy Is Singing**

Within MLB's financial house, the stirring signs of revival outweigh the one lingering drag on the game – namely its separation between “rich” and poor teams,” a gap mainly caused by the league's local and regionally based money streams. Overall, revenue is surging thanks to fresh sources of funding: new-media opportunities. Attendance also is on the upswing. And the MLB Network is about to dawn. First, though, the bad news.

The split can be boiled down this way: The New York Yankees will likely pay their top player more money in 2008 than the Tampa Bay Rays will pay all of its 24 players put together.<sup>lxvi</sup>

This is an age-old dilemma in baseball. Over in the NFL, the franchises share equally in the huge pot of national TV money. In baseball, where the vast majority of games are broadcast within municipal regions, big-market clubs often grow wealthy through local TV deals. And those teams consequently have more cash to spend on top-drawer players. Teams in bigger cities tend to grab bigger local TV deals. MLB does divide some TV revenue among its teams but that money is generated only by



one or two national games each week and its post season action. Also, unlike the NFL, Major League Baseball does not have a salary cap. That worsens the chasm between mega-spending clubs and those that operate on the cheap. In the end, smaller-budget teams typically can't attract the necessary talent to rise to the top of the standings. Or, if they do win for one or two seasons through shrewd player-personnel moves, they can't sustain that run of success like, say, the deep-pocketed Boston Red Sox.<sup>lxvi</sup>

Baseball does employ a luxury tax. Under that plan, clubs with the highest payrolls must share a portion of their money with the rest of the league. But while small-market fans whine that their teams can't compete with the likes of the rich New York Yankees, there is no incentive within the game to change that system. The reason: all franchise owners make more money in the long run if, for example, the Yankees play the Los Angeles Dodgers each year in the World Series. That's because TV ratings for match ups between those metropolitan monsters are typically stronger.<sup>lxvi</sup>

Consider the case of the Kansas City Royals, a perennial loser for the past couple of generations. Over the past seven seasons, the team has averaged more than 90 loses. Only Tampa Bay has been worse in that span. Yet the team's value has grown from \$96 million to \$282 million amid all the losing and despite an 18 percent decline in ticket sales since 2000. The reason is simple. Under the luxury tax, Kansas City owner David Glass takes handouts from the wealthier clubs. Every season, teams funnel 34 percent of their revenue from ticket sales, parking, concessions and local TV rights (minus stadium expenses) into that single coffer. The money is then redistributed to lower-earning teams like the Royals. In 2006, \$326 million was doled out through the luxury tax to the smaller-budget clubs.<sup>lxvi</sup>

But positive changes seem to be looming within that revenue landscape. In short: more money is coming in. During the 2007 season, baseball collected just over \$6 billion in revenue. That figure was on par with the NFL's revenue column. MLB has managed this by boosting its revenue beyond traditional sources like TV rights fees. For starters, the growth of the online ticket-resale market has helped drive the attendance boom. Seeing this, MLB signed a deal with StubHub (part of eBay). At the same time, satellite radio broadcasts, an out-of-market TV package, international growth and increased traffic at MLB.com all have helped inflate sales by 50 percent since 2004.<sup>lxvi</sup> Baseball's new-media arm, MLBAM, brought in more than \$450 million alone in 2007. During the first year of MLBAM in 2001, that revenue figure was only \$36 million.<sup>lxvi</sup>

"We have seen a healthy increase in every one of our revenue streams," said Bob DuPuy, MLB's president and chief operating officer. "We saw about a half-billion (dollars of sales) from sources that really didn't exist 10 years ago."<sup>lxvi</sup>

Next on the horizon is baseball's own 24-hour channel. The MLB Network is scheduled to debut Jan. 1, 2009 and is projected to be seen in 47 million cable and satellite homes. That rollout will be the largest in cable-TV history. By comparison,

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when NBC and Microsoft launched MSNBC in July 1996 it initially reached 28 million homes.<sup>lxvi</sup>

While the league owns 66.6 percent of the new channel, the rest of the shares are held in partnership with cable operators Time Warner, Cox, Comcast and with satellite provider DirecTV. That structure means Major League Baseball already has avoided the type of war the NFL has been waging with several cable companies. The MLB Network will be available on the basic or digital tiers of the league's cable partners, not the higher-cost sports tiers. And some observers predict the opening-day audience for the 24-hour channel may actually grow to reach 60 million homes. That's due to solid content: The MLB Network will offer a 26-week *Saturday Night Game of the Week* package.<sup>lxvi</sup>

A final piece of good economic news came at the turnstiles. During the 2007 season, MLB set its fourth straight single-season attendance record – 79.5 million fans.<sup>lxvi</sup> The season's average attendance of 32,785 also was the highest in baseball history.<sup>lxvi</sup> It didn't hurt that a crop of fresh contenders arose in 2007, including the Colorado Rockies and Milwaukee Brewers. That injected new fan interest in those cities and around the country. Table II:4 shows how 2007 brought a different feel to the post-season mix. The 2007 season marked the first year since 2008 in which no division winner repeated. Table II:5 breaks out the largest one-day attendance figures in league history; five of those days came in 2007, including another new record.

**TABLE II:4: POST-SEASON REPEATERS, 1996-2007**

2007 1 - (NYY)  
2006 3 - (STL, SD, NYY)  
2005 6 - (ATL, STL, HOU, NYY, LAA, BOS)  
2004 4 - (ATL, NYY, MIN, BOS)  
2003 5 - (ATL, SF, NYY, MIN, OAK)  
2002 5 - (ATL, STL, ARI, NYY, OAK)  
2001 5 - (ATL, STL, NYY, SEA, OAK)  
2000 3 - (ATL, NYM, NYY)  
1999 6 - (ATL, HOU, NYY, CLE, TEX, BOS)  
1998 4 - (ATL, HOU, NYY, CLE)  
1997 4 - (ATL, BAL, CLE, NYY)  
1996 4 - (ATL, LA, NYY, CLE)

**Source: MLB.com**

**TABLE II:5: LARGEST ATTENDANCE DAYS IN MLB HISTORY**

	<b>Date</b>	<b>Attendance</b>	<b>Games</b>	<b>Average</b>
1.	<b>July 28, 2007</b>	<b>717,478</b>	<b>17</b>	<b>42,205</b>

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2.	July 3, 1999	640,412	17	37,671
3.	<b>July 21, 2007</b>	<b>639,628</b>	<b>16</b>	<b>39,977</b>
4.	Aug. 19, 2000	634,220	15	42,281
5.	Aug. 14, 1999	632,652	15	42,177
6.	July 28, 2001	617,518	17	36,325
7.	June 10, 2000	612,500	16	38,281
8.	July 8, 2000	612,177	16	38,261
9.	Aug. 4, 2001	611,880	16	38,243
10.	<b>Aug. 11, 2007</b>	<b>611,296</b>	<b>15</b>	<b>40,753</b>
11.	<b>Sept. 15, 2007</b>	<b>607,083</b>	<b>16</b>	<b>37,943</b>
12.	June 27, 2004	607,007	16	37,938
13.	Oct. 2, 2004	604,406	16	37,775
14.	July 17, 1993	603,167	14	43,083
15.	<b>Aug. 18, 2007</b>	<b>602,039</b>	<b>15</b>	<b>40,136</b>

### Local TV Deals Remain the Bedrock of the MLB Economy – For Now

Compared to the National Football League, baseball’s TV rights landscape is much more rooted in old-fashioned capitalism: Each team scraps for the best individual, local deals it can land. That has created the age-old divide between big-market or “rich” clubs and small-market or “poor clubs.

Among teams that run their own sports channels, the Yankees have recently hauled in the most money – \$67 million in rights fees from their YES Network. On the other side of New York, the Mets grabbed \$47 million during the first year of their deal with SportsNet New York. Several teams whose owners are tied to media properties also pulled in fat rights fees. The Boston Red Sox which own 80 percent of New England Sports Network collected \$21 million in rights fees in 2006. The Chicago Cubs, owned by Tribune, pocketed \$20 million from its parent broadcaster, WGN, and another \$20 million from Comcast SportsNet – also owned in part by Tribune.<sup>lxvi</sup> Table II: 6 lists each local rights holders for the Major League clubs during the 2008 season.

#### TABLE II:6: LOCAL TELEVISION AGREEMENTS, MLB TEAMS, 2008

ARIZONA: FSN Arizona carries Diamondbacks games.

ATLANTA: PTV or Peachtree TV has replaced WTBS. While TBS will no longer exclusively broadcast the Braves, Peachtree TV will provide the Atlanta area with 45 games this season. SportSouth will broadcast 81 games and Fox Sports Net will air 25 games.

**BALTIMORE:** Mid-Atlantic Sports Network (MASN and MASN2) broadcast Orioles games along with WJ2-TV.

**BOSTON:** Red Sox games are carried by the New England Sports Network.

**CHICAGO CUBS:** All 162 games will be available in high-definition in the Chicago area. WGN, Comcast SportsNet and WCIU split the telecasts.

**CHICAGO WHITE SOX:** Comcast SportsNet will televise 101 regular-season White Sox games. WCIU televises 25 White Sox games while WGN offers a 29-game White Sox schedule.

**CINCINNATI:** FSN Ohio and FSN-HD own the broadcast rights to Reds games.

**CLEVELAND:** All games will be televised in High Definition. SportsTime Ohio will televise 141 games on cable/satellite (133 regular-season games and eight Spring Training games). WKYC-TV3 will air 20 games as the flagship station of the Indians Over-the-Air network.

**COLORADO:** The Rockies will play 126 games on FSN Rocky Mountain while the remaining 24 contests will appear on local channel my20.

**DETROIT:** FSN Detroit will air as many as 151 games this season.

**FLORIDA:** 150 games will be produced by FSN Florida, with 100 regular season games scheduled to air statewide on FSN Florida and another 50 games available as special FSN Florida presentations distributed on sister network Sun Sports (offered by participating cable and satellite systems in Florida).

**HOUSTON:** FSN Houston will carry 130 games and four Spring Training telecasts, while KTXH My 20 takes over as the new broadcast home for Astros baseball with a 31-game package.

**KANSAS CITY:** Fox Sports Net Kansas City will offer a 142-game television schedule for the 2008 season.

**LOS ANELES ANGELS:** FSN WEST offers Angels' fans 100 regular season game telecasts. An additional 50 games will be broadcast over-the-air on KCOP 13 (Channel 13 locally).

**LOS ANGELES DODGERS:** The Los Angeles Dodgers will present more than 150 games on television in 2008, including 50 from KCAL and 100 from FSN Prime Ticket. For the second consecutive season, KCAL will air all of its games in HD. All home 2008 Dodgers games telecast on FSN Prime Ticket will be available in HD.

**MILWAUKEE:** FSN Wisconsin and WMLW TV-41 split a 150 game regular-season television schedule and three spring training games. FSN Wisconsin offers a 135 game regular-season as well as 17 day games that will be re-broadcast in primetime. FSN Wisconsin will produce all of the 150 regular season telecasts, including the 15 over-the-air broadcasts on WMLW TV-41. Telecasts on WMLW will be simulcast by FSN outside the Milwaukee DMA on satellite and cable.

**MINNESOTA:** FSN North and My29 share will a 142-game telecast schedule for the 2008 season. FSN North's will air 115 games, including five live day games that also will be re-broadcast in primetime. FSN North will produce all of the 142 regular-season telecasts, including 27 over-the-air-broadcasts on My29 WFTC.

**NEW YORK YANKEES:** The YES Network and My9 carry Yankees games.

**NEW YORK METS:** Most games are carried by SportsNet New York. Some are aired by CW-11.

**OAKLAND:** A's games are aired by Comcast SportsNet Bay Area, KICU.

**PHILADELPHIA:** Phillies games are carried by Comcast SportsNet Philadelphia, CW-57 and CN-8.

**PITTSBURGH:** The Pittsburgh Pirates and FSN Pittsburgh, the exclusive rights holder for Pittsburgh Pirates regional Major League Baseball telecasts will combine for a record 125 regular season and two Spring Training games in 2008. FSN Pittsburgh will be offering 54 of the regular season games in High Definition.

**ST. LOUIS:** FSN Midwest and KSDK, NewsChannel 5 serve as television partners of the team. FSN Midwest will carry 130 regular season games. KSDK, NewsChannel 5 will televise 20 regular season games, all in high definition.

**SAN DIEGO:** Padres games are broadcast by Channel 4 (4SD) in San Diego.

**SAN FRANCISCO:** Giants games are telecast on Comcast SportsNet Bay Area and NBC-11.

**SEATTLE:** Mariners games are aired on FSN Northwest.

**TAMPA BAY:** A total of 144 regular season Tampa Bay Rays games will be televised regionally in 2008. The Rays TV Network and ION Television will televise 67 games, including 20 home games in High Definition, while FSN Florida will broadcast 75 games, 37 of which are available in HD. Two additional games between the Rays and Florida Marlins will be seen in the Tampa-St. Petersburg area on Sun Sports as part of the Marlins' regional TV schedule. This season Jacksonville WPXC-TV 21 joins Tampa

WXPX-TV 66 and Orlando WOPX-TV 56 in carrying all 67 games televised by the Rays TV Network. The coverage in Jacksonville represents an increase of 42 games from 2007. The Rays TV Network also consists of affiliates in Gainesville-Ocala, Tallahassee, Pensacola and Panama City, each carrying a portion of the 67-game slate.

TEXAS: FSN Southwest will produce and distribute 160 games on a combination of local and regional outlets. FSN Southwest will carry 110 games, KDFI My 27 in Dallas-Fort Worth will broadcast 48 games, and KDFW FOX 4 in Dallas-Fort Worth will televise two games.

TORONTO: Rogers Sportsnet, CBC and TSN will share 144 games during the 2008 season. For the first time in the clubs history, all broadcasts will be shown in high definition by all three networks. Rogers Sportsnet will produce 100 games. The CBC will produce 24 contests

WASHINGTON: Nationals games appear on the Mid-Atlantic Sports Network.

**Source: MLB.com, 2008**

When it comes to local TV revenue, the Yankees also lead the pack, receiving \$91 million in 2006 – just a chunk of its overall \$302 million revenue from that season. By comparison, the Florida Marlins get about \$12 million in local TV money each year. Overall, Florida’s revenue was \$122 million, the lowest in baseball.<sup>lxvi</sup> Table II:7 breaks out the revenue figures from 2006 – which included local TV money – for each Major League team, ranking them from top to bottom.

**TABLE II:7: ANNUAL REVENUE, 2006**

Rank	Team	Revenue
1	New York Yankees	\$302 million
2	Boston	\$234 million
3	New York Mets	\$217 million
4	Los Angeles Dodgers	\$211 million
5	Chicago Cubs	\$197 million
6	Los Angeles Angels	\$187 million
7	St. Louis	\$184 million
7	San Francisco	\$184 million
7	Houston	\$184 million
8	Atlanta	\$183 million
8	Philadelphia	\$183 million
9	Seattle	\$182 million
10	Chicago White Sox	\$173 million
11	Detroit	\$170 million
12	San Diego	\$160 million
13	Baltimore	\$158 million
13	Cleveland	\$158 million

14	Toronto	\$157 million
15	Texas	\$155 million
16	Arizona	\$154 million
17	Colorado	\$151 million
18	Cincinnati	\$146 million
18	Oakland	\$146 million
19	Washington	\$144 million
19	Milwaukee	\$144 million
20	Pittsburgh	\$137 million
21	Tampa Bay	\$134 million
22	Minnesota	\$131 million
23	Kansas City	\$123 million
24	Florida	\$122 million

Source: Forbes magazine, 2007

### Team Values Continue Their Steady Climb

Baseball still boasts only one club valued at more than \$1 billion but the Mets and Red Sox are inching closer to that threshold over time. The Mets gained \$32.9 million in value in 2007 to strengthen its hold on the No. 2 spot on the list while Boston's club slipped back to No. 3, according to an annual survey by Forbes magazine. And two of the faster risers on the list, the Dodgers and Cubs, are helping widen the gap between "rich" clubs and those deemed "poor." Still when you talk about the wealth gap in baseball, it is widest at the very top where the Yankees' currently value is \$482 million higher than the No. 2 Mets, a staggering edge.<sup>lxvi</sup> Table II:8 lists team-by-team value as calculated by Forbes in 2007. The overall value was based on current stadium deals (unless a new stadium was pending) without any deduction for debt. The debt/value column does not include stadium debt. Operating income was a summary of earnings before interest, taxes, depreciation and amortization.

**TABLE II:8: MLB FRANCHISE VALUES**

RANK	TEAM	CURRE	1-YR	DEBT/VAL	REVENUE	OPERATI
		NT	VALUE			NG
		VALUE <sup>1</sup>	CHANG	UE <sup>2</sup> (%)	ES (\$MIL)	INCOME <sup>3</sup>
		(\$MIL)	E (%)			(\$MIL)
1	<a href="#">New York Yankees</a>	1,306	9	77	327	-47.3
2	<a href="#">New York Mets</a>	824	12	97	235	32.9
3	<a href="#">Boston Red Sox</a>	816	13	29	263	-19.1
4	<a href="#">Los Angeles Dodgers</a>	694	10	61	224	20.0
5	<a href="#">Chicago Cubs</a>	642	8	0	214	21.4
6	<a href="#">Los Angeles Angels of Anaheim</a>	500	16	7	200	15.2
7	<a href="#">Atlanta Braves</a>	497	9	0	199	28.1

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RIGHTS, 2008

8	<a href="#">San Francisco Giants</a>	494	8	28	197	19.9
9	<a href="#">St Louis Cardinals</a>	484	5	51	194	21.5
10	<a href="#">Philadelphia Phillies</a>	481	5	36	192	14.3
11	<a href="#">Seattle Mariners</a>	466	7	21	194	10.1
12	<a href="#">Houston Astros</a>	463	5	12	193	20.4
13	<a href="#">Washington Nationals</a>	460	3	54	153	43.7
14	<a href="#">Chicago White Sox</a>	443	16	9	193	30.6
15	<a href="#">Cleveland Indians</a>	417	14	24	181	29.2
16	<a href="#">Texas Rangers</a>	412	13	65	172	17.2
17	<a href="#">Detroit Tigers</a>	407	14	52	173	4.6
18	<a href="#">Baltimore Orioles</a>	398	1	38	166	7.7
19	<a href="#">San Diego Padres</a>	385	5	45	167	23.6
20	<a href="#">Arizona Diamondbacks</a>	379	12	54	165	5.9
21	<a href="#">Colorado Rockies</a>	371	17	22	169	26.2
22	<a href="#">Toronto Blue Jays</a>	352	2	0	160	-1.8
23	<a href="#">Cincinnati Reds</a>	337	10	12	161	19.3
24	<a href="#">Milwaukee Brewers</a>	331	15	36	158	19.2
25	<a href="#">Minnesota Twins</a>	328	14	27	149	23.8
26	<a href="#">Oakland Athletics</a>	323	11	28	154	15.4
27	<a href="#">Kansas City Royals</a>	301	7	13	131	7.4
28	<a href="#">Pittsburgh Pirates</a>	292	7	34	139	17.6
29	<a href="#">Tampa Bay Rays</a>	290	8	14	138	29.7
30	<a href="#">Florida Marlins</a>	256	5	34	128	35.6

**Source: Forbes magazine**

Attendance records and new-media gains have helped the franchises boost value while propelling the game toward sunnier economic times. Consider this: three years ago, the 30 franchises posted a combined operating loss of \$57 million. In 2006, they earned a record \$496 million.<sup>lxvi</sup>

<sup>lxvi</sup> FoxSports.com, Jan. 23, 2008

<sup>lxvi</sup> MLB.com, Jan. 17, 2008

<sup>lxvi</sup> MLB.com, Jan. 17, 2008

<sup>lxvi</sup> FoxSports.com, Jan. 23, 2008

<sup>lxvi</sup> MLB.com, Jan. 17, 2008

<sup>lxvi</sup> Sportsbiznews.blogspot.com, May 21, 2007

<sup>lxvi</sup> Baseball Almanac

<sup>lxvi</sup> MLB.com, Feb. 27, 2008

<sup>lxvi</sup> Baseball Almanac, 2008

<sup>lxvi</sup> LA Times, Feb. 5, 2008

<sup>lxvi</sup> Forbes magazine, April 19, 2007

<sup>lxvi</sup> MLB.com, Feb. 27, 2008



- <sup>lxvi</sup> Fox Business, Jan. 21, 2008
- <sup>lxvi</sup> Fox Business, Jan. 21, 2008
- <sup>lxvi</sup> Fox Business, Jan. 21, 2008
- <sup>lxvi</sup> Forbes magazine, May 7, 2007
- <sup>lxvi</sup> CNNMoney.com, Oct. 25, 2007
- <sup>lxvi</sup> FoxSports.com, Jan. 23, 2008
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- <sup>lxvi</sup> MLB.com, Jan. 17, 2008
- <sup>lxvi</sup> MLB.com, Oct. 2, 2007
- <sup>lxvi</sup> Forbes, April 16, 2008
- <sup>lxvi</sup> Fox Business, Jan. 21, 2008
- <sup>lxvi</sup> Forbes magazine, April 16, 2008
- <sup>lxvi</sup> Forbes magazine, April 16, 2008

## **CHAPTER THREE: BASKETBALL**

The financial equation doesn't seem to add up. Ratings for the National Basketball Association have lately been about as pretty as a Shaquille O'Neal free throw. During the 2006-07 regular season and playoffs, NBA games on ABC slipped to new viewership lows. Even worse, the 2007 NBA Finals – an attractive clash between rising phenom LeBron James and crafty icon Tim Duncan – drew roughly the same TV audience as the NFL's snoozerrific Pro Bowl.<sup>lxvi</sup>

Yet somehow, somehow, amid these measly Nielsen numbers, NBA commissioner David Stern managed not only to extend a broadcast rights deal for his league, he figured out a way to grab hundreds of millions more in annual TV money from ABC, ESPN and TNT.<sup>lxvi</sup> In total, the NBA's fresh TV contracts set new league records for the size of the payout, \$7.4 billion, and for the scope of its tenure, eight years.<sup>lxvi</sup> The extension also contained an unprecedented digital rights component, including the rights to technologies that have not even been invented yet. That certainly helped pump the value.<sup>lxvi</sup>

Something more is at play, here. Those recent anemic ratings had seemed to signal a continued decline for the NBA. But the new TV deals offered strong evidence that the American networks are still drooling over sports programming partly because live games remain one of the last TIVO-proof choices on the tube.<sup>lxvi</sup>

Indeed, when you factor in the NBA's global rise, gate receipts and team revenues, that overall financial equation – and its new TV profile – makes complete sense. The

league is growing faster internationally than any other U.S. professional sport, and it has big designs on European expansion.

Most NBA franchises simply haven't been this healthy in years.<sup>lxvi</sup> With two exceptions: the Seattle Sonics, which are on the cusp of moving from Seattle, and the New Orleans Hornets, which also may be packing soon. The Sonics' near-certain relocation stems from the city's decision not to fund a huge, new arena.<sup>lxvi</sup> And the Hornets are just not drawing enough fans to be considered a lock to remain in New Orleans.<sup>lxvi</sup>

### **Stern Delivers New TV Pacts – and Unprecedented Digital Rights**

Not long after the San Antonio Spurs swept the Cleveland Cavaliers in the NBA Finals, drawing the lowest TV ratings in the history of the title series, the NBA reeled in a new TV package that will outlast most of the players in the league today. The new deals with ABC/ESPN and TNT were not a surprise; there had been talk of extensions with those broadcast partners since late 2006. What was stunning: the amount of money the commissioner was able to squeeze out of the three networks.

The multiplatform agreement spans eight years, from the 2008-09 season through 2015-16. It is worth \$7.4 billion<sup>lxvi</sup>, including fees from the league-owned NBA TV.<sup>lxvi</sup> Under the contract, ESPN will televise up to 75 regular-season games, mainly on Wednesday and Friday nights<sup>lxvi</sup> and as many as 29 playoff games, including a conference semifinals series and one full conference finals series.<sup>lxvi</sup> TNT, meanwhile, will offer up 52 regular season games, 48 of which will be part of doubleheaders usually on Thursday nights. TNT also will air up to 52 playoff games, featuring exclusive coverage of certain conference semifinals games and one full conference finals series plus the All-Star Game.<sup>lxvi</sup> ABC bought the rights to a minimum of 15 regular-season games beginning on Christmas Day and continuing on Sunday afternoons starting in January. In addition ABC has "exclusivity" to all regular-season, playoffs and NBA Finals broadcasts.<sup>lxvi</sup>

The pacts marked an increase of more than 20 percent over the value of the deals the league holds with the same three networks through the 2007-08 season.<sup>lxvi</sup> Table III:1 breaks out the NBA's total cut from its last five broadcast agreements when all entities and dollars were combined.

**TABLE III:1: NBA TV DEALS, NETWORK AND CABLE, 1990-2016**

Seasons	Network/Station	Amount of Contracts	Rights Fees/Year
1990/91-1993/94	NBC,TNT	\$876 million	\$219 million
1994/95-1997/98	NBC, TNT/TBS	\$1.289 billion	\$322.5million
1998/99-2001/02	NBC, TNT/TBS	\$2.456 billion	\$614 million
2002/03-2007/08	ABC/ESPN, TNT	\$4.6 billion	\$760 million
2008/09-2015/16	ABC/ESPN, TNT	\$7.4 billion	\$925 million

**Source: TSR 2008, InsideHoops.com**

The jump in fees is partially generated by the rights to newer forms of media, some not yet in existence. There are extensive rights for the networks to carry games and other content on the Web and via mobile phones.<sup>lxvi</sup> For example, games broadcast by TNT can be simulcast to wireless and broadband properties and delivered to video-on-demand platforms shortly after their original broadcast. ESPN can present games and other NBA content, such as segments in *SportsCenter*, across 17 platforms. Those include ESPN.com, ESPN360, ESPN Mobile TV and ESPN podcasts.<sup>lxvi</sup> Still, the NBA didn't ace itself out of the new media rush. Under the internal heading of "NBA Digital," the league holds digital rights to more than 1,000 games each season.<sup>lxvi</sup>

"The contracts that we entered into provide for an additional robust grant of digital rights to enhance the experience of our fans in ways that ESPN, ABC and TNT have done to some small degree with our properties, but will do to a much greater degree," Stern said.<sup>lxvi</sup>

### **After A Long Ratings Slump, Signs of Life**

In the NBA, Nielsen numbers have been falling strongly and steadily since Michael Jordan retired from the Chicago Bulls in the late 1990s. At that time, TV ratings for the league finals hit an all-time high. Since ABC bought the rights to regular-season games in 2002-03, the network has watched its pro hoops ratings drop in three out of four succeeding seasons. In the NBA playoffs, ABC's viewership also has slipped away in three out of four succeeding seasons. Finally, the All-Star Game has witnessed similar severe declines in its TV audience, particularly after the game moved to cable channel TNT.<sup>lxvi</sup> The 2008 All-Star Game continued the trend, drawing the worst ratings ever.<sup>lxvi</sup>

The NBA lockout after the 1998 season has taken some of the blame, just as the baseball strike was seen as a cause of ratings decline in that sport. But there also seems to be a racial component: many NBA critics and scores of fans have pointed to the league's "hip-hop" culture as a turnoff. Several player brawls, one that included a crop of fans, have caused some people to brand the NBA as a "thug league." Right or wrong, racist or not, these cultural commentaries frequently are intertwined with the recent ratings woes.<sup>lxvi</sup> Table III:2 back tracks through the regular-season and playoff ratings earned by ABC's coverage of the NBA, (NBA Finals not included), since it bought the broadcast rights in 2002-03. Table III:3 lists the TV audience figures for the NBA All-Star Game dating back to 1996, several seasons before the lockout.

**TABLE III:2: ABC RATINGS FOR NBA GAMES**

<b>Year</b>	<b>Season</b>	<b>Playoffs</b>
<a href="#"><u>2002-03</u></a>	2.6	4.8
<a href="#"><u>2003-04</u></a>	2.4	4.5

<a href="#">2004-05</a>	2.2	3.3
<a href="#">2005-06</a>	2.2	3.8
<a href="#">2006-07</a>	2.0	2.9

Source: Wikipedia

**TABLE III:3: TV RATINGS FOR NBA ALL-STAR GAME**

Network	Year	Ratings/Share
<a href="#">NBC</a>	<a href="#">1996</a>	11.7/20
<a href="#">NBC</a>	<a href="#">1997</a>	11.2/19
<a href="#">NBC</a>	<a href="#">1998</a>	10.6/17
<a href="#">NBC</a>	<a href="#">1999</a>	None
<a href="#">NBC</a>	<a href="#">2000</a>	6.9/12
<a href="#">NBC</a>	<a href="#">2001</a>	5.1/8
<a href="#">NBC</a>	<a href="#">2002</a>	8.2/15
<a href="#">TNT</a>	<a href="#">2003</a>	6.6/12
<a href="#">TNT</a>	<a href="#">2004</a>	5.1/10
<a href="#">TNT</a>	<a href="#">2005</a>	4.9/8
<a href="#">TNT</a>	<a href="#">2006</a>	4.3/8
<a href="#">TNT</a>	<a href="#">2007</a>	4.2/--
<a href="#">TNT</a>	<a href="#">2008</a>	3.8/--

Source: Wikipedia, San Diego Union-Tribune

The league's annual showcase, of course, is the NBA Finals – some rare primetime exposure for the pro game and its players. But after peaking during the 1998 finals, which featured the title-game swan song of Michael Jordan, the championship series has been on a steep viewership decline. In 2007, the NBA Finals set a new record for low ratings, capping a stretch during which the series has collected single-digit ratings.<sup>lxvi</sup> ABC's coverage in 2007 did venture into celebrity culture, perhaps a turnoff with hoops fans. Several times, the network discussed and offered breakaway shots of San Antonio Spurs guard Tony Parker and his then-fiancee, actress Eva Longoria. Table III:4 back tracks through a 30-year history of TV ratings earned by the league finals.

**TABLE III:4: NBA FINALS, AVERAGE NIELSEN RATINGS, 1976-2007**

Net.	Year	Series	Rating
<a href="#">CBS</a>	<a href="#">1976</a>	<a href="#">Boston Celtics 4, Phoenix Suns 2</a>	11.5

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<a href="#">CBS</a>	<a href="#">1977</a>	<a href="#">Portland Trailblazers 4, Philadelphia 76ers 2</a>	12.7
<a href="#">CBS</a>	<a href="#">1978</a>	<a href="#">Washington Bullets 4, Seattle Superonics 3</a>	9.9
<a href="#">CBS</a>	<a href="#">1979</a>	<a href="#">Seattle Superonics 4, Washington Bullets 1</a>	7.2
<a href="#">CBS</a>	<a href="#">1980</a>	<a href="#">Los Angeles Lakers 4, Philadelphia 76ers 2</a>	8.0
<a href="#">CBS</a>	<a href="#">1981</a>	<a href="#">Boston Celtics 4, Houston Rockets 2</a>	6.7
<a href="#">CBS</a>	<a href="#">1982</a>	<a href="#">Los Angeles Lakers 4, Philadelphia 76ers 2</a>	13.0
<a href="#">CBS</a>	<a href="#">1983</a>	<a href="#">Philadelphia 76ers 4, Los Angeles Lakers 0</a>	12.3
<a href="#">CBS</a>	<a href="#">1984</a>	<a href="#">Boston Celtics 4, Los Angeles Lakers 3</a>	12.3
<a href="#">CBS</a>	<a href="#">1985</a>	<a href="#">Los Angeles Lakers 4, Boston Celtics 2</a>	13.7
<a href="#">CBS</a>	<a href="#">1986</a>	<a href="#">Boston Celtics 4, Houston Rockets 2</a>	14.1
<a href="#">CBS</a>	<a href="#">1987</a>	<a href="#">Los Angeles Lakers 4, Boston Celtics 2</a>	15.9
<a href="#">CBS</a>	<a href="#">1988</a>	<a href="#">Los Angeles Lakers 4, Detroit Pistons 3</a>	15.4
<a href="#">CBS</a>	<a href="#">1989</a>	<a href="#">Detroit Pistons 4, Los Angeles Lakers 0</a>	15.1
<a href="#">CBS</a>	<a href="#">1990</a>	<a href="#">Detroit Pistons 4, Portland Trailblazers 1</a>	12.3
<a href="#">NBC</a>	<a href="#">1991</a>	<a href="#">Chicago Bulls 4, Los Angeles Lakers 1</a>	15.8
<a href="#">NBC</a>	<a href="#">1992</a>	<a href="#">Chicago Bulls 4, Portland Trailblazers 2</a>	14.2
<a href="#">NBC</a>	<a href="#">1993</a>	<a href="#">Chicago Bulls 4, Phoenix Suns 2</a>	17.9
<a href="#">NBC</a>	<a href="#">1994</a>	<a href="#">Houston Rockets 4, New York Knicks 3</a>	12.4
<a href="#">NBC</a>	<a href="#">1995</a>	<a href="#">Houston Rockets 4, Orlando Magic 0</a>	13.9
<a href="#">NBC</a>	<a href="#">1996</a>	<a href="#">Chicago Bulls 4, Seattle Superonics 2</a>	16.7
<a href="#">NBC</a>	<a href="#">1997</a>	<a href="#">Chicago Bulls 4, Utah Jazz 2</a>	16.8
<a href="#">NBC</a>	<a href="#">1998</a>	<a href="#">Chicago Bulls 4, Utah Jazz 2</a>	18.7
<a href="#">NBC</a>	<a href="#">1999</a>	<a href="#">San Antonio Spurs 4, New York Knicks 1</a>	11.3
<a href="#">NBC</a>	<a href="#">2000</a>	<a href="#">Los Angeles Lakers 4, Indiana Pacers 2</a>	11.6
<a href="#">NBC</a>	<a href="#">2001</a>	<a href="#">Los Angeles Lakers 4, Philadelphia 76ers 1</a>	12.1
<a href="#">NBC</a>	<a href="#">2002</a>	<a href="#">Los Angeles Lakers 4, New Jersey Nets 0</a>	10.2
<a href="#">ABC</a>	<a href="#">2003</a>	<a href="#">San Antonio Spurs 4, New Jersey Nets 2</a>	6.5
<a href="#">ABC</a>	<a href="#">2004</a>	<a href="#">Detroit Pistons 4, Los Angeles Lakers 1</a>	11.5
<a href="#">ABC</a>	<a href="#">2005</a>	<a href="#">San Antonio Spurs 4, Detroit Pistons 3</a>	8.2
<a href="#">ABC</a>	<a href="#">2006</a>	<a href="#">Miami Heat 4, Dallas Mavericks 2</a>	8.5
<a href="#">ABC</a>	<a href="#">2007</a>	<a href="#">San Antonio Spurs 4, Cleveland Cavaliers 0</a>	6.2

Source: Wikipedia

The league's three national broadcast partners may be rewarded for their loyalty and their investments. By December's 2007 regular-season games, ESPN and TNT had posted increased ratings as compared to the same point in 2006. The numbers had improved on those networks for overall viewers and in the key age-demographics of 18-49, 25-54 and 18-34. Some of those ratings jump could be measured in double digits.<sup>lxvi</sup>

Locally, there were positive audience increases as well. In December 2007, household ratings of the Fox regional-sports networks were averaging a season-to-date percent hike for the 17 NBA teams whose games are carried by local channels owned and operated by Fox. During the same timeframe, five regional-sports networks owned by Comcast were running 20 percent higher in average household ratings for their carriage of NBA teams including the Boston Celtics and Golden State Warriors.<sup>lxvi</sup>

### **NBA Economy Strong and Getting Stronger**

One franchise has all but ordered the packing crates. Another is at least thinking about a new locale. But across the league, almost every club is riding a wave of increased revenue and rising value.<sup>lxvi</sup>

According to an annual financial analysis by Forbes magazine, the value of the average NBA franchise increased by 6 percent in 2007 while the teams grabbed an average profit of \$9.8 million on annual revenues of \$119 million – the highest income that Forbes has measured since it began tracking basketball team finances a decade ago.<sup>lxvi</sup> Those gains generally occurred before the NBA signed its new package of TV deals and despite another season of weak TV ratings in 2006-07. Only four teams lost value: Memphis, Indiana, Dallas and the Los Angeles Lakers. And nine clubs posted double-digit jumps in their worth, including Cleveland, Toronto and Golden State. Table III:5 lists the valuations along with team revenues and operating income.

**TABLE III:5: NBA VALUES, 2007**

<b>Rank</b>	<b>Team</b>	<b><u>Current</u> <u>Value 1</u> <u>(\$mil)</u></b>	<b><u>1-Yr</u> <u>Value</u> <u>Change</u> <u>(%)</u></b>	<b><u>Debt/Value</u> <u>3 (%)</u></b>	<b><u>Revenue</u> <u>4 (\$mil)</u></b>	<b><u>Operating</u> <u>Income 5</u> <u>(\$mil)</u></b>
1	<a href="#"><u>New York Knicks</u></a>	608	3	0	196	-42.2
2	<a href="#"><u>Los Angeles Lakers</u></a>	560	-2	15	170	31.8
3	<a href="#"><u>Chicago Bulls</u></a>	500	9	11	161	59.3
4	<a href="#"><u>Detroit Pistons</u></a>	477	11	0	154	39.2
5	<a href="#"><u>Houston Rockets</u></a>	462	5	15	149	29.7
6	<a href="#"><u>Dallas Mavericks</u></a>	461	-1	27	140	-1.6

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7	<a href="#">Cleveland Cavaliers</a>	455	20	44	152	31.9
8	<a href="#">Phoenix Suns</a>	449	10	39	145	37.3
9	<a href="#">Miami Heat</a>	418	2	42	131	17.9
10	<a href="#">San Antonio Spurs</a>	405	4	14	131	15.5
11	<a href="#">Boston Celtics</a>	391	6	46	117	18.3
12	<a href="#">Sacramento Kings</a>	385	2	22	128	20.5
13	<a href="#">Philadelphia 76ers</a>	380	1	17	112	-2.8
14	<a href="#">Toronto Raptors</a>	373	18	44	124	28.8
15	<a href="#">Washington Wizards</a>	348	4	48	112	11.6
16	<a href="#">Utah Jazz</a>	342	15	5	114	5.7
17	<a href="#">New Jersey Nets</a>	338	4	62	102	-1.3
18	<a href="#">Indiana Pacers</a>	333	-2	14	107	-1.3
19	<a href="#">Orlando Magic</a>	322	14	19	92	4.6
20	<a href="#">Denver Nuggets</a>	321	4	16	104	-4.8
21	<a href="#">Golden State Warriors</a>	309	16	24	103	1.3
22	<a href="#">Minnesota Timberwolves</a>	308	0	16	103	-1.9
23	<a href="#">Memphis Grizzlies</a>	304	-3	49	98	-10.9
24	<a href="#">Los Angeles Clippers</a>	294	3	0	98	9.8
25	<a href="#">Charlotte Bobcats</a>	287	4	52	93	5.3
26	<a href="#">Atlanta Hawks</a>	286	4	25	95	9.7
27	<a href="#">New Orleans Hornets</a>	272	10	55	91	10.2
28	<a href="#">Seattle SuperSonics</a>	269	0	52	81	-5.7
29	<a href="#">Milwaukee Bucks</a>	264	1	21	88	1.7
30	<a href="#">Portland Trail Blazers</a>	253	10	41	82	-25.1

**Source: Forbes magazine**

Attendance – the league’s largest revenue stream – was one driver of this financial surge. NBA gate receipts climbed 6 percent in 2006-07, reaching \$1.2 billion. During that same season, the league set a new attendance record, luring 21.8 million fans to the seats and filling the arenas to 92 percent of capacity. But the NBA’s salary cap and its revenue-sharing fundamentals also played into the expanding franchise values. The cap is considered soft but under a collective bargaining agreement that began with the 2001-02 season, owners that hold the line on spending are rewarded. For example, Utah and Charlotte became profitable in 2006-07 due, in part, to \$6.3 million in league money paid to those clubs for controlling their spending on salaries. An NBA escrow tax discourages teams from spending more than 57 percent of league-wide revenues on player pay. In 2006-07, the players chipped in 9 percent of their \$2 billion in collective salaries toward the escrow tax. Owners split \$155 million of that money while the rest, \$22 million, went back to the players. The NBA

also imposes a luxury tax. Under that umbrella, teams must pay \$1 in tax for every dollar they spend on salary above a specified ceiling; in 2006-07, that threshold was \$65.4 million. Five teams paid the luxury tax that season, including the New York Knicks.<sup>lxvi</sup>

Two teams bucking these overall sunny trends are the Seattle Sonics and New Orleans Hornets. Seattle may be Stern's biggest headache. The city of Seattle is unwilling to spend public money to build a new arena to keep the Sonics in town. The city turned down a \$30 million offer from Sonics ownership to pay off its lease on the current arena and also to retire all current arena bonds in exchange for allowing the Sonics to move, probably to Oklahoma City.<sup>lxvi</sup>

"I think that's bad public policy," Stern said. "When the team leaves, the city is going to have a debt on the building and the Sonics have offered to pay it off. If (a) court says they are not free to pay and leave, they won't."<sup>lxvi</sup>

A lawsuit might force the Sonics to serve the final two years of the team's lease rather than pack up sooner. Stern has called the team's relocation inevitable and "apparent to all watching that the Sonics are headed out of Seattle."<sup>lxvi</sup> NBA owners have voted 28-2 in favor of the club's move.<sup>lxvi</sup>

New Orleans would be free to move after the 2007-08 season if the club doesn't meet attendance goals. But unlike the commissioner's bleak view of the Seattle situation, Stern has said he expects the Hornets to remain in place. Still, that may take a major attendance rally. Since the team returned from a two-year, post-hurricane hiatus in Oklahoma City, the Hornets have bombed at the box office. At mid-season in 2007-08, the club ranked second to last in the league in attendance, averaging 12,645 fans per game. Only Indiana trailed. And New Orleans' latest attendance figures were actually lower than those registered during the Hornet's previous season in that city, 2005-05, when team won only 18 of 82 games. In 2007-08, the Hornets were among the NBA's best teams.<sup>lxvi</sup>

The top-valued teams also play in the largest TV markets in the United States. So while the Knicks doled out luxury tax money, the club also hauled in big dollars from its local TV deal. Just like in baseball, local TV money can be retained by individual NBA teams. For franchises like the Knicks, the Lakers and the Chicago Bulls, those annual profits are estimated to be about \$20 to \$30 million. Smaller-market teams, meanwhile, are believed to pocket about \$10 million a year in local TV and cable revenue, and some are losing money on broadcasting.<sup>lxvi</sup> Table III:6 breaks out the local television and cable broadcasters that held the rights for each NBA team during the 2007-08 season.

#### **TABLE III:6: LOCAL TV AGREEMENTS FOR NBA CLUBS**

ATLANTA: FSN South carries the Hawks on 30 nights. SportSouth has 45 broadcasts.



BOSTON: Comcast SportsNet New England broadcasts Celtics games.

CHARLOTTE: FSN South, SportSouth and News 14 carry Bobcats games.

CHICAGO: The Bulls are carried by Comcast SportsNet Chicago, WGN-TV and WCIU-TV.

CLEVELAND: FSN Ohio owns the rights to 70 games.

DALLAS: Mavericks games are aired on TXA-21 (formerly UPN-21) and on FSN Southwest.

DENVER: Altitude Sports & Entertainment is the official television network of the Denver Nuggets.

DETROIT: FSN Detroit carries 37 Pistons games. MyTV20 televises 31 games, WDIV-TV has seven games.

GOLDEN STATE: FSN Bay Area airs 70 games.

HOUSTON: Rockets games are carried by FSN Houston and KTXH.

INDIANA: FSN Indiana and WCIU-TV own the local rights to Pacers games.

LA CLIPPERS: FSN PRIME TICKET broadcasts 45 games. KTLA the CW has 30 games.

LA LAKERS: FSN West and KCAL 9 own the local broadcast rights to Lakers games.

MEMPHIS: FSN South broadcasts 60 games.

MIAMI: Sun Sports is carrying 70 games. The regional sports network will also produce and distribute 37 of the games on Sun Sports HD.

MILWAUKEE: FSN Wisconsin offers a 70-game schedule of Bucks games.

MINNESOTA: The Wolves' over-the-air television schedule features 35 games on FSN North cable and satellite package, 34 games on KSTC.TV Ch. 45 and one game on KSTP-TV.

NEW JERSEY: The YES Network carries Nets games.

NEW ORLEANS: Cox Sports Television (CST) is airing 65 games this season.

NEW YORK: MSG airs 81 games.

ORLANDO: Sun Sports owns the rights to 42 games while FSN Florida broadcasts 35 games.

PHILADELPHIA: Comcast SportsNet broadcasts 72 games while CN8, The Comcast Network, and The CW Philly-57 (WPSG-TV) each air five road games.

PHOENIX: FSN Arizona and local channel My45 carry Suns games.

PORTLAND: Comcast SportsNet (CSN) broadcasts 53 games and 23 are seen on KGW Northwest NewsChannel 8.

SACRAMENTO: Comcast SportsNet carries 74 Kings games. Local channel News10 also broadcasts a slate of Kings games.

SAN ANTONIO: FSN Southwest televises 31 Spurs games. KMYS (MY35TV) has 31 games. KENS 5, the flagship TV station of the Spurs, televises 10 Spurs games.

SEATTLE: FSN Northwest broadcasts Sonics games.

TORONTO: Raptors NBA TV, a Canadian, English-language category 2 digital cable specialty channel, carries Raptors games and other NBA action.

UTAH: KJZZ-TV (22 home/18 away) and FSN Utah (17 home/23 away) share coverage of the Jazz.

WASHINGTON: Comcast SportsNet is carrying 64 Wizards games this season, 11 are shown on CSN+.

**Source: NBA team websites**

### **NBA TV Is Now Managed by TBS; Part of Sweeping new Digital Pact**

In late 2006, Stern suggested that the league might sell off some of its digital assets, including NBA TV, to a media company. In 2008, the league revealed one outcome of those discussions: the management of NBA TV was handed to the Turner Broadcasting System.<sup>lxvi</sup>

NBA TV is the league's version of the Golf Channel. It is a 24-hour, digital source of basketball news, original programming and live NBA action – four games each week. Launched in 1999, the network also broadcasts WNBA games. It is available through satellite providers DirectTV and Dish Network as well as a variety of digital cable systems. The Network reaches about 12 million subscribers.<sup>lxvi</sup>

Under a new deal with TBS, extending through the 2015-16 season, TBS assumed responsibility for programming, marketing and technical operations of NBA TV. But

the move is part of a broader digital agreement between Turner Broadcasting the league. The two entities now jointly manage a portfolio of the NBA's digital businesses. For example, TBS hosts and operate the NBA.com Network, which includes NBA.com, WNBA.com and NBADLeague.com. What's more, TBS operates NBA League Pass, the league's out-of-market game package, and the NBA's broadband and wireless businesses.<sup>lxvi</sup>

### **A European Push?**

During the NBA's 2008 All-Star weekend, Stern divulged that he is considering expanding the league into Europe, possibly adding a five-team, European division. According to the commissioner, the talks are still evolving.<sup>lxvi</sup> The Euro division could be formed by 2018.<sup>lxvi</sup>

Major roadblocks remain, including a lack of NBA-caliber arenas in Europe and a lingering question whether European fans will pay NBA prices. But a new arena for 2016 Olympic host candidate Madrid could serve as the home for a Spanish franchise.<sup>lxvi</sup> And according to Stern, there are "NBA-ready" arenas in London and Berlin, and a new arena is planned in Rome.<sup>lxvi</sup>

Travel is another worry. Euro clubs would be forced to make several trans-Atlantic trips per season and many current clubs, particularly those on the west coast, would face monster journeys to play in Europe. Then again, Stern pointed out that a flight from Boston to Paris is shorter than one from Miami to Portland.<sup>lxvi</sup>

The NBA established something of a beachhead on the concept during its 2007 NBA Europe Live Tour. The exhibition swing featured Boston, Toronto, Memphis and Minnesota playing Europe's top professional leagues. England, Italy, Spain and Turkey hosted the games and the NBA teams. The U.S. (and Canadian) clubs flew Europe to open their training camps, and played a series of exhibition matches against the European teams, and preseason games against other NBA teams from Oct. 6 to 11.<sup>lxvi</sup>

The NBA also continued growing roots in China, announcing the formation of NBA China, a new entity that will conduct all of the league's businesses in Greater China. Five strategic partners will invest \$253 million to acquire percent of the company in preferred equity. The strategic partners are: ESPN, Bank of China Group Investment, Legend Holdings Limited, Li Ka Shing Foundation, and China Merchants Investments.<sup>lxvi</sup>

### **WNBA Extends TV Deal**

An expansion of the WNBA's broadcast rights agreement in 2007 should help calm the league's recent instability, including attendance woes, two ownership transitions and the folding of an original franchise.

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The 12-year-old league – the longest-running professional women’s pro sports team circuit in America – expanded its TV contracts with ESPN and ABC for eight additional years, through the 2016 season. As was the case previously, the two networks will share the advertising revenue from the game broadcasts while paying no rights fees. ABC or ESPN (both owned by Disney) will share exclusive rights to 18 primetime games per season; the WNBA All-Star Game and season openers will be aired on ABC. The agreement also secures a minimum of 11 post-season games for both networks as well as coverage of the first round of the WNBA draft each season.<sup>lxvi</sup>

ESPN2 will continue to carry “WNBA Tuesdays” during the 2008 season. Between ABC and ESPN2, there will be 21 national WNBA telecasts in 2008, the same number as 2007. NBA TV, meanwhile will air 70 regular-season games.<sup>lxvi</sup>

- <sup>lxvi</sup> Most Valuable Network, Feb. 28, 2008
- <sup>lxvi</sup> Multichannel.com, June 27, 2007
- <sup>lxvi</sup> Forbes magazine, Dec. 6, 2007
- <sup>lxvi</sup> Associated Press, June 27, 2007
- <sup>lxvi</sup> Forbes magazine, Dec. 6, 2007
- <sup>lxvi</sup> Forbes magazine, Dec. 6, 2007
- <sup>lxvi</sup> Agence France-Presse, Feb. 26, 2008
- <sup>lxvi</sup> Washington Post, Feb. 12, 2008
- <sup>lxvi</sup> Forbes magazine, Dec. 6, 2007
- <sup>lxvi</sup> Multichannel.com, June 27, 2007
- <sup>lxvi</sup> Multichannel.com, June 27, 2007
- <sup>lxvi</sup> NBA.com, June 27, 2007
- <sup>lxvi</sup> NBA.com, June 27, 2007
- <sup>lxvi</sup> NBA.com, June 27, 2007
- <sup>lxvi</sup> Associated Press, June 27, 2007
- <sup>lxvi</sup> Associated Press, June 27, 2007
- <sup>lxvi</sup> Multichannel.com, June 27, 2007
- <sup>lxvi</sup> Multichannel.com, June 27, 2007
- <sup>lxvi</sup> Multichannel.com, June 27, 2007
- <sup>lxvi</sup> Wikipedia
- <sup>lxvi</sup> San Diego Union-Tribune, Feb. 22, 2008
- <sup>lxvi</sup> Wikipedia
- <sup>lxvi</sup> Wikipedia
- <sup>lxvi</sup> Variety, Dec. 7, 2007
- <sup>lxvi</sup> Variety, Dec. 7, 2007
- <sup>lxvi</sup> Forbes magazine, Dec. 6, 2007
- <sup>lxvi</sup> Forbes magazine, Dec. 6, 2007
- <sup>lxvi</sup> Forbes magazine, Dec. 6, 2007
- <sup>lxvi</sup> Agence France-Presse, Feb. 16, 2008
- <sup>lxvi</sup> Agence France-Presse, Feb. 16, 2008
- <sup>lxvi</sup> Agence France-Presse, Feb. 16, 2008
- <sup>lxvi</sup> Seattle Post-Intelligencer, April 22, 2008
- <sup>lxvi</sup> Washington Post, Feb. 12, 2008
- <sup>lxvi</sup> Seattle Times, Nov. 19, 2006
- <sup>lxvi</sup> NBA.com, Jan. 17, 2008
- <sup>lxvi</sup> NBA.com, Wikipedia
- <sup>lxvi</sup> NBA.com, Jan. 17, 2008
- <sup>lxvi</sup> ESPN.com, March 3, 2008

- <sup>lxvi</sup> Agence France-Presse, Feb. 15, 2008
- <sup>lxvi</sup> Agence France-Presse, Feb. 15, 2008
- <sup>lxvi</sup> Agence-France-Presse, Feb. 16, 2008
- <sup>lxvi</sup> Agence-France-Presse, Feb. 16, 2008
- <sup>lxvi</sup> Wikipedia
- <sup>lxvi</sup> NBA.com, Jan. 14, 2008
- <sup>lxvi</sup> SportsBusiness.com, July 18, 2007
- <sup>lxvi</sup> NBA.com, Feb. 28, 2008

## **CHAPTER FOUR: HOCKEY**

The National Hockey League's TV profile has slipped farther and farther away from the national consciousness, although it remains a priority for a loyal core of U.S. fans and for a historically healthy portion of Canadian viewers. But as NBC approached the brink of ending its broadcast rights deal with the league in the spring of 2008, pro hockey in the United States was perhaps about to be reduced to local stations and the still-growing Versus network on cable. There was one glimmer of semi-national TV hope for the league: a possible return to ESPN. Talks were underway between the cable-sports king and the NHL.<sup>lxvi</sup>

NBC's deal with the NHL has been a relative disappointment for the peacock network in terms of audience numbers as some regular-season games dipped below a single Nielsen ratings point. What's more, the 2007 league finals flat-lined, becoming the lowest-rated NHL title series ever.<sup>lxvi</sup> NBC had the option of continuing to air hockey games during the 2008-09 or walking away after the 2008 finals. Poor ratings were, of course, a major factor in choosing that path. But NBC, the U.S. rights holder for the 2010 Winter Olympics in 2010, ultimately kept the NHL onboard in part to grow and promote its Olympic hockey coverage. NHL players are expected to again play for their national teams at the 2010 Olympics.

Financially, the league continued to recover from its 2004-05 lost season, posting a stiff revenue increase in 2006-07<sup>lxvi</sup> and, at the same time, seeing 27 of 30 teams gain in value.<sup>lxvi</sup> A salary cap that league fathers put in place after the recent work stoppage helped strengthen financial stability, brightening the NHL's overall economic picture. But when compared to the TV-rich NFL, the new-media savvy MLB, and the globally hungry NBA, the NHL has slid a long distance from its one-time Big Four status in American pro sports. It simply has not received the same broadcast exposure or network respect as those three sports rivals. Not even close. NASCAR long ago zoomed past hockey in popularity and star power. Pro soccer may not be far away from doing the same.

## **NBC Re-Ups for One More Season**

NBC was weighing its hockey appetite as spring 2008 neared. Would it stay with the NHL or drop it like ABC did in 2004 and Fox did in 1999? In late April, the network decided to exercise its contractual option and extend its agreement with the NHL for the 2008-09 season.<sup>lxvi</sup>

NBC's dilemma was mainly rooted in low TV ratings. During the 2006-07 season, ratings on NBC averaged a 0.9. And through the first nine NBC telecasts of the 2007-08 season, hockey games earned a rating of 1.0.<sup>lxvi</sup> By the spring of 2008, Nielsen numbers for NHL games had increased by 11 percent over the previous season. Under its current revenue-sharing deal with the league, NBC wasn't directly losing money on its NHL games. But it could have been earning better dollars by airing a more popular sports product on Sundays. And the signs for a continued investment by NBC were not good in early 2008 as the network cuts costs on its hockey broadcasts. Where NBC once covered three regional games per week, there was just one national game on the schedule. The number of on-air personalities also was reduced by three. And the old outdoor studio at Rockefeller Center in New York was scrapped.<sup>lxvi</sup>

Ultimately, NBC retained its Sunday afternoon games and a schedule of playoff action.

"There have been positive signs for the league, both on and off the ice," said Dick Ebersol, chairman of NBC Universal Sports & Olympics. "Ratings were up this year. The Winter Classic in Buffalo was a huge success; advertising sales were healthy; and the product on the ice has never been better ... We believe this is a sport that will continue to grow."

The NBC decision aside, there were rumblings in early 2008 that ESPN was close to returning as an NHL broadcast partner after a four-year absence. The league approached ESPN in July 2007 and pitched the possibility of picking up NBC's current regular-season and playoff schedule in 2008-09. The talks reportedly occurred between NHL Commissioner Gary Bettman and ESPN executive vice president of content John Skipper.<sup>lxvi</sup> If ESPN ultimately picks up NHL games, they are expected to air on ESPN2 during the regular season and playoffs and ESPN if NBC indeed abandons its current deal.<sup>lxvi</sup>

For the NHL, an ESPN deal would be a timely boost, giving the league better exposure on cable than it currently gets in its exclusive deal with the Versus network. What's more, a new TV deal would assure extra hockey coverage on *SportsCenter*. According to ESPN's own content study, the popular highlights show aired 29 fewer minutes of NHL action in March 2007 than it did in March 2004, the last year that ESPN carried NHL games. That's a 28 percent decline in hockey exposure on *SportsCenter*.<sup>lxvi</sup>

The NHL has been bashed by some fans for inking its current cable deal with Versus. Many fans have complained that the channel is hard to find and not as available as ESPN

in hotel rooms. But Versus is the linchpin to any ESPN pact. Versus owns an exclusive cable rights deal with the NHL through the 2010-11 season, paying \$72.5 million annually.<sup>lxvi</sup> The cable channel airs more than 50 regular-season games per season plus playoff games. Would Versus want to compete directly with ESPN for NHL ad dollars? If it agrees to do that and also to waive its exclusive cable, Versus is expected to ask the league to lower its rights fees in return.<sup>lxvi</sup>

Amid the ESPN talks, the NHL also finished discussions with cable and satellite providers for a deal on a new, U.S.-based NHL Network. To jump start that all-hockey channel, the league relied heavily on the Canadian version of the NHL Network, mimicking its look.<sup>lxvi</sup> In Canada, the NHL Network has been available since 2001. The U.S. version began airing in October 2007 through carriage agreements with Cablevision, Comcast, Cox Communications, DirecTV, Dish Network and Time Warner Cable. The network has access to 75 million U.S. homes and broadcasts 50 live regular-season games as well as classic games, documentaries, instructional shows and highlights.<sup>lxvi</sup> Table IV:1 offers a history of the league's network and cable broadcast deals through the current crop of agreements.

**TABLE IV:1: NHL TV RIGHTS DEALS, 1983-2011**

YEARS	NETWORK(S)	VALUE	NO. OF GAMES	ANNUAL FEE
1983/84-1984/85	USA Network	\$8 million	Reg. season/playoffs	\$4 million
1985/86-1987/88	ESPN	\$24 million	33 reg. season/playoffs	\$8 million
1988/89-1990-91	SportsChannel	\$51 million	50 reg. season/playoffs	\$17 million
1991/92	SportsChannel	\$5.5 million	50 reg. season/playoffs	\$5.5 million
1992/93	ESPN	\$15 million	Regular season/playoffs	\$15 million
1993/94-1998/99	ESPN	\$75 million	Regular season/playoffs	\$12.5 million
1994/95-1998/99	Fox	\$155 million	48 dates	\$31 million
1999/00-2003/04	ABC/ESPN	\$600 million	Regular season/playoffs	\$120 million
2005/06-2007/08	NBC	Revenue sharing	9 reg. season/playoffs	Revenue sharing

2005/06- 2007/08	OLN/Versus	\$207.5 million	50-plus reg. season/playoffs	\$69.2 million
2008/09- 2010/11	Versus	undisclosed	50-plus reg. season/playoffs	\$72.5 million

**SOURCES: Television Sports Rights, 2007; Mediaweek, 2005; Sports Media Watch, 2006, Toronto Globe and Mail, 2008**

North of the border, the NHL broadcasting dollars continued to flow strongly. A new deal between the NHL and TSN – estimated to be worth between \$30 million and \$40 million per season – was reportedly done but delayed. The pact, which will begin in the 2008-09 season, was expected to be announced in early 2008. Under the extension of TSN's current rights agreement with the league, the Canadian network will air more games involving Canadian teams, particularly the Toronto Maple Leafs.<sup>lxvi</sup>

TSN's primary rival, CBC, also is set to begin a new hockey rights deal during the 2008-09 season. Signed last year, the six-year pact includes national English-language TV and multimedia rights to NHL games in Canada. CBC, which owns *Hockey Night in Canada*, paid \$100 million a year to extend its NHL agreement and to retain that landmark program, a \$35 million per year raise over its past rights deal.<sup>lxvi</sup> Under the CBC's new TV contract with the league, the number of Maple Leafs games will be reduced by three a year. Those go to TSN.<sup>lxvi</sup>

### **American NHL Television Ratings Still Low but Improving**

There's no where to go but up for NHL ratings in the States. Still, the league will gladly take any speck of good news on its TV audience size. And there were some positive shifts.

The bottom came during the 2006-07 Stanley Cup finals between Anaheim and Ottawa – a compelling match-up of talent that didn't resonate with fans. The Nielsen numbers for the series, broadcast on NBC, were the lowest in league history for its cup finale. And that came after NBC earned a lackluster 1.1 regular-season rating.<sup>lxvi</sup> Two nights highlighted the poor showing. Ottawa's 5-3 in Game 3, on a Saturday, pulled a national 1.1 rating and a 2 share – the lowest primetime numbers on NBC, sports or otherwise, since a rerun of *The West Wing* drew a similar audience on July 23, 2005. That marked a 31 percent decline from Game 3 during the 2005-07 Stanley Cup finals between Edmonton and Carolina. In Game 4 on a Monday, a 3-2 win for Anaheim, NBC posted a rating of 1.9 and a 3 share, down 5 percent from the same game a year earlier.<sup>lxvi</sup> Canada may hate it, but the league needs a final series pitting two American franchises to see better viewership.

But slight up-ticks came during the 2007-08 season, on both network and cable, and could bode well for the NHL as it soon works out new broadcast rights deals. The Winter Classic, the league's first regular-season outdoor game in the United States, paired Buffalo and Pittsburgh at Buffalo's Ralph Wilson Stadium. The game drew a



2.6 Nielsen rating on NBC which made it the most-watched regular-season contest since Fox carried the games in 1996.<sup>lxvi</sup>

That bit of momentum carried into the NHL All-Star Game in late January, aired by Versus. The game drew a rating of just 0.8 but that equaled a 60 percent jump from the 2007 All-Star Game which pulled a 0.5. Still, league officials are considering putting the event on “permanent hiatus,” according to the Winnipeg Sun. Some at NHL headquarters even want to cancel the game, and there are reports that many players are bored with the all-star weekend and the game’s format.<sup>lxvi</sup>

Versus also enjoyed better regular-season ratings in 2007-08. For the first half of the season, audience numbers were up 0.2 percent from the previous year as games averaged a 0.3 average household rating. Versus also posted healthy increases in certain demographic slices, men 18-49 (up 27 percent) and men 25-54 (up 43 percent).<sup>lxvi</sup>

### **Revenue Sharing Boosts Team Values**

The collective bargaining agreement hatched and signed after club owners cancelled the 2004-05 season revived the bank accounts of most NHL teams. Under a new revenue-sharing model, big-market teams pass along a slice of their profits to smaller-market teams to help the league attain an NFL-like parity. The Carolina Hurricanes, for example, had for 10 seasons lost more than \$130 million, but the club appears to be on the verge of financial stability thanks to handouts from richer teams.<sup>lxvi</sup> It should also be noted that Carolina has risen to become one of the top-performing teams in the NHL, winning the Stanley Cup in 2006. At the same time, teams like Pittsburgh and Edmonton were each able to turn a profit in 2006-07 as a result of shared revenue.<sup>lxvi</sup>

Compared to other pro sports leagues, the NHL doesn’t have a vast pool of revenue to dole out. The main cash source for other leagues – money from national broadcast rights deals – is scarce in the NHL. As of early 2008, the 30 clubs only earned \$6 million a piece from network and national cable TV deals, and \$8 million per club in Canada.<sup>lxvi</sup>

Still, higher ticket prices and a strong Canadian dollar helped the NHL revs its revenues in 2006-07.<sup>lxvi</sup> And another critical piece of the new CBA, a salary cap, joined in to push franchise values 23 percent higher on average while the league traded a recent annual operating loss of \$96 million for a profit of \$96 million. The average NHL team was worth \$200 million in 2006-07 and posted a profit of \$3.2 million, according to an annual appraisal of NHL business by Forbes magazine. The cap drove down player costs, from 66 percent of overall revenue in 2003-04 to 54 percent last season.<sup>lxvi</sup>

Teams that owned their own arenas dominated the top of the Forbes list of most-valuable hockey teams. At the top was Toronto, valued at \$413 million. The

franchise has gained 42 percent in value over the past three seasons. Toronto's parent organization, Maple Leaf Sports & Entertainment, owns the Air Canada Centre, the Toronto Raptors basketball team, Leafs TV and Raptors NBA TV. Second was the New York Rangers which has a similar business model.<sup>lxvi</sup> Table IV:2 breaks down the NHL team values, debt-to-revenue percentage, revenue and operating income.

**TABLE IV:2: NHL TEAM VALUES, 2006-07**

<u>Rank</u>	<u>Team</u>	<u>Current Value</u> <sup>1</sup> <u>(\$mil)</u>	<u>1-Yr Value Change</u> <u>(%)</u>	<u>Debt/Value</u> <u>2 (%)</u>	<u>Revenue</u> <u>(\$mil)</u>	<u>Operating Income</u> <sup>3</sup> <u>(\$mil)</u>
1	<a href="#"><u>Toronto Maple Leafs</u></a>	413	24	39	138	52.7
2	<a href="#"><u>New York Rangers</u></a>	365	19	0	122	25.4
3	<a href="#"><u>Detroit Red Wings</u></a>	293	14	31	109	14.4
4	<a href="#"><u>Montreal Canadiens</u></a>	283	23	85	109	25.2
5	<a href="#"><u>Dallas Stars</u></a>	254	2	79	91	10.5
6	<a href="#"><u>Philadelphia Flyers</u></a>	244	-1	27	87	5.7
7	<a href="#"><u>Boston Bruins</u></a>	243	3	49	87	-0.6
8	<a href="#"><u>Colorado Avalanche</u></a>	214	-3	24	79	6.6
9	<a href="#"><u>Vancouver Canucks</u></a>	211	10	52	96	12.8
10	<a href="#"><u>Los Angeles Kings</u></a>	209	2	91	84	2.0
11	<a href="#"><u>Tampa Bay Lightning</u></a>	199	16	25	85	0.6
12	<a href="#"><u>Anaheim Ducks</u></a>	197	25	0	89	6.6
13	<a href="#"><u>New Jersey Devils</u></a>	195	31	128	65	-15.3
14	<a href="#"><u>Ottawa Senators</u></a>	186	17	59	93	10.4
15	<a href="#"><u>Minnesota Wild</u></a>	180	10	71	78	-1.7
16	<a href="#"><u>Chicago Blackhawks</u></a>	179	7	0	69	-3.6
17	<a href="#"><u>San Jose Sharks</u></a>	165	13	27	72	-5.1
18	<a href="#"><u>Calgary Flames</u></a>	164	21	12	77	-0.7
19	<a href="#"><u>Buffalo Sabres</u></a>	162	9	31	74	-4.9
20	<a href="#"><u>Edmonton Oilers</u></a>	157	8	19	71	9.9
21	<a href="#"><u>Carolina Hurricanes</u></a>	156	8	58	68	-7.5
22	<a href="#"><u>Pittsburgh Penguins</u></a>	155	17	65	67	8.1
23	<a href="#"><u>Florida Panthers</u></a>	151	6	33	67	-7.1
24	<a href="#"><u>Columbus Blue Jackets</u></a>	150	8	30	68	-5.6
25	<a href="#"><u>New York Islanders</u></a>	149	6	67	60	-11.6
26	<a href="#"><u>Atlanta Thrashers</u></a>	148	16	48	67	-6.5
27	<a href="#"><u>Phoenix Coyotes</u></a>	147	3	61	67	-11.4
28	<a href="#"><u>Washington Capitals</u></a>	145	14	47	66	1.0

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29	<a href="#">St Louis Blues</a>	144	-3	83	66	-5.5
30	<a href="#">Nashville Predators</a>	143	7	26	65	-9.4

**Source: Forbes magazine**

The least-valuable franchise, Nashville, has been partly hurt by the league’s minimum salary rule, another part of the labor agreement between the owners and players. That bottom-line pay threshold was \$28 million in 2006-07 and climbed to \$34 million in 2007-08. Before the lockout, Nashville had a payroll of \$24 million but was a profitable club. After the new CBA established the minimum salary mark, Nashville finished the 2006-07 losing \$9.4 million.<sup>lxvi</sup>

There’s even chatter that Nashville may relocate. Canadian businessman Jim Balsillie is said to be interested in buying the Predators and perhaps moving the club to Southern Ontario. While Bettman wouldn’t put any credence into a possible Nashville move when he was asked about the possibility in 2007, the commissioner did acknowledge that he is interested in placing another club in Canada.<sup>lxvi</sup>

“With respect to a franchise returning to Canada, that's something that intrigues me,” Bettman said. “Because with the partnership we have with the players and the revenue sharing, it's something that, while we haven't studied it, seems to be more likely than three, four, five years ago.”<sup>lxvi</sup>

**Local TV Money Still Determines Who’s Rich in the NHL**

The team with the highest value, Toronto, also earned the most local television money in 2006-07 at \$23 million. Without a major TV network funneling big cash into the league, local broadcast money remained a central engine of the NHL economy. The Rangers and the Montreal Canadiens ranked among the league’s top three for local TV money, propelling those two teams to No. 2 and No. 3 among the league’s highest earners.<sup>lxvi</sup>

Like Versus nationally, some local and regional channels also posted modest ratings gains during the 2007-08 season. Comcast SportsNet Chicago was able for the first time to air certain Blackhawks home games and several of those telecasts averaged a 0.9 household rating. Overall, CSN’s ratings for its four NHL teams were up during 2007-08 compared to the same period the previous season. On MSG, the Rangers earned a 1.1 rating, a 124 percent jump from the 2006-07 season. Meanwhile, ratings on FSN channels were up 24.7 percent for their hockey coverage in various cities, including St. Louis which posted a 125 percent increase in TV viewer numbers on FSN Midwest.<sup>lxvi</sup> In New York, where the New York Islanders and New Jersey Devils are carried by FSNY, Islanders games earned ratings in 2007-08 that were 176 percent higher than the previous season while ratings for the Devils games were up 138 percent.<sup>lxvi</sup> Table IV:3 displays the local and regional TV arrangements for each NHL team during the 2007-08 season.

**TABLE IV:3: LOCAL TELEVISION AGREEMENTS FOR NHL CLUBS, 2007-08**

**ANAHEIM:** The FSN PRIME TICKET and FSN WEST umbrella will telecast a record 60 games, with 41 of those games covered by the Ducks' home cable outlet, FSN PRIME TICKET. FSN WEST will broadcast 19 games, with an additional four broadcasts when the Ducks play at Los Angeles (with one of the four taking place at the O<sub>2</sub> Arena in London as part of the NHL Premiere). Additionally, KDOC-TV will air 16 games, with two contests aired nationally on VERSUS.

**ATLANTA:** SportSouth will carry 61 games.

**BOSTON:** New England Sports Network airs Bruins games.

**BUFFALO:** MSG will broadcast 71 regular season games.

**CALGARY:** Most Flames games are carried by Sportsnet, CBC or TSN. Some games are offered on a pay-per-view basis.

**CAROLINA:** FSN South has a 55-game cable television package.

**CHICAGO:** Comcast SportsNet broadcasts 39 games.

**COLORADO:** Altitude Sports & Entertainment has the rights to local Avs games.

**COLUMBUS:** FSN Ohio will televise 75 games.

**DALLAS:** FSN Southwest has 40 games. My 27 will carry 35 games.

**DETROIT:** FSN Detroit broadcasts Red Wings games.

**EDMONTON:** Sportsnet, CBC and TSN split the coverage of Oilers games while some are available only through pay-per-view.

**FLORIDA:** FSN Florida will air 38 home and 32 away match-ups.

**LOS ANGELES:** FSN WEST (along with sister-station FSN Prime Ticket) are televising 65 games.

**MINNESOTA:** FSN North will televise 45 games, KSTC.TV, Channel 45 will broadcast 22 contests and 5 EYEWITNESS NEWS will air three matches.

**MONTREAL:** All games are carried nationally by RDS, TSN or CBC.

**NASHVILLE:** FSN South will televise 55 games.

**NEW JERSEY:** MSG and FSN New York own the rights to Devils games.

**NEW YORK ISLANDERS:** FSN New York and MSG also own the rights to Islanders games.

**NEW YORK RANGERS:** MSG Network broadcasts Rangers games.

**OTTAWA:** Sens TV, the club's pay-per-view channel, has seven games. There are 20 games on Sportsnet Ontario in the Ottawa area (channel 27 on Rogers) and on Sportsnet East (Quebec and the Atlantic Provinces), 20 games on A-Channel, with Sportsnet East simulcasting 15 games; 10 games on CBC's national Hockey Night In Canada and another 10 on its regional coverage; and six on TSN.

**PHILADELPHIA:** Comcast SportsNet will televise 60 games, while The CW Philly 57 (WPSG-TV) and CN8, The Comcast Network, will each televise five games.

**PHOENIX:** There are 40 games on FSN Arizona while AZ-TV will carry 25 games.

**PITTSBURGH:** FSN Pittsburgh has a minimum of 70 games.

**SAN JOSE:** FSN Bay Area will broadcast 70 games.

**ST. LOUIS:** FSN Midwest will air 40 games. KPLR will televise 25 games.

**TAMPA BAY:** Sun Sports is carrying 69 games.

**TORONTO:** Leafs TV, the team's 24-hour channel, costs \$1.99 a month and airs Leafs games. Some Maple Leafs games also are broadcast by CBC and TSN.

**VANCOUVER:** There are 45 games on Rogers Sportsnet and 16 pay-per-view games on Canucks TV. Some Canucks games also are carried by CBC and TSN.

**WASHINGTON:** Comcast SportsNet will broadcast 74 games.

**SOURCE: Team websites**

<sup>lxvi</sup> Sports Business Journal, July 20, 2007

<sup>lxvi</sup> Toronto Globe and Mail, Feb. 13, 2008

<sup>lxvi</sup> MSNBC, Oct. 18, 2007

<sup>lxvi</sup> Forbes magazine, Nov. 8, 2007

<sup>lxvi</sup> AP News, April 23, 2008

<sup>lxvi</sup> Sports Business Journal, July 20, 2007

<sup>lxvi</sup> EverythingButTheGame.blogspot.com, Globe and Mail, Aug. 1, 2007

<sup>lxvi</sup> Sports Business Journal, July 20, 2007

<sup>lxvi</sup> Toronto Globe and Mail, Feb. 13, 2008

<sup>lxvi</sup> Sports Business Journal, July 20, 2007

<sup>lxvi</sup> Toronto Globe and Mail, Feb. 13, 2008

<sup>lxvi</sup> Sports Business Journal, July 20, 2007

<sup>lxvi</sup> Sports Business Journal, July 20, 2007

- <sup>lxvi</sup> Associated Press, Oct. 8, 2007
- <sup>lxvi</sup> Hockeybiz.blogspot.com, Jan. 22, 2008
- <sup>lxvi</sup> Television Sports Rights, 2007
- <sup>lxvi</sup> Hockeybiz.blogspot.com, Jan. 22, 2008
- <sup>lxvi</sup> Forbes magazine, Nov. 8, 2007
- <sup>lxvi</sup> Associated Press, June 6, 2007
- <sup>lxvi</sup> Bizofhockey.com, Feb. 14, 2008
- <sup>lxvi</sup> SportsMediaWatch.blogspot.com, Jan. 28, 2008
- <sup>lxvi</sup> Sports Business Journal, Dec. 26, 2008
- <sup>lxvi</sup> MSNBC.com, Oct. 18, 2007
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- <sup>lxvi</sup> Forbes magazine, Nov. 8, 2007
- <sup>lxvi</sup> Forbes magazine, Nov. 8, 2007
- <sup>lxvi</sup> ESPN.com, May, 28, 2007
- <sup>lxvi</sup> ESPN.com, May 28, 2007
- <sup>lxvi</sup> Forbes magazine, Nov. 8, 2007
- <sup>lxvi</sup> Sports Business Daily, Dec. 18, 2007
- <sup>lxvi</sup> BizOfHockey.com, Dec. 26, 2007

## **CHAPTER FIVE: SOCCER**

Remember the glowing hockey puck used during the NHL broadcasts on Fox in the mid-1990s? The idea behind “FoxTrax” was to help novice fans better follow the action, to draw in newcomers and grow the sport. But the idea was mocked by hardcore hockey fans and dropped after the first game of the 1998 Stanley Cup finals. Fox ended its NHL ties in 1998 and the league has since been watching its national TV rights dollars slip away in the United States.

The moral? Professional sports are better served when they cater to their most loyal fans. And this is how Major League Soccer intends to find a second wind for its recently successful run. In 2008, MLS opens its 13<sup>th</sup> season with a new message and a fresh tactic: to build the league by reaching out to American soccer fans – those who tune in to European soccer games and World Cup action. Where the league once sought to turn U.S. sports fans into pro soccer fans, it now offers this slogan: “Football. Fútbol. Soccer. MLS.” The new spin was crafted in-house with the help of design and branding agency SME, New York. The premise is that MLS is “the North American dialect of the world's game.” It’s no surprise that the campaign includes the image of the league’s imported star, David Beckham.<sup>lxvi</sup>

This shift, which comes at a healthy financial point for the MLS, will be supported by a TV push. The MLS moves into another season of its four-pronged broadcast base: ABC/ESPN, Fox Soccer Channel, Univision property TeleFutura, and HDNet. Together, the four deals generate more than \$24 million a year for the MLS. And with those TV agreements already in place, the MLS is expanding. Four teams have been added since 2005 and four more will arrive by 2010, creating a 16-team league.<sup>lxvi</sup>

The signing of Beckham in 2007 by the Los Angeles Galaxy was considered a marketing coup. The British soccer sensation was described then as a new economic engine for the league. And while Beckham did help boost attendance in only limited action, it's clear that the MLS is enjoying its own independent momentum – something that will only grow as the league reaches out to traditional Euro-team fans. The construction of soccer-centric stadiums by six clubs since 1999 is a move toward solidifying those franchises and ensuring that each soon will be profitable.<sup>lxvi</sup>

### **MLS Basks in Broader TV Coverage**

During the 2007 season, every MLS game was broadcast live, helping the league reach and convert more fans.<sup>lxvi</sup> One of the league's original broadcast partners, ESPN, continues as a critical player as part of a deal signed between the MLS and Disney in 2006. Only in the latest deal did Disney agree to pay broadcast rights fees: \$8 million a year for 8 years.<sup>lxvi</sup> In 2008, ESPN2 and its Spanish-language channel ESPN Deportes again broadcast 26 games with New England and Chicago topping the appearance list at six a piece. *MLS Primetime Thursday* on ESPN features a live weekly game. ESPN2 also will air the MLS All-Star Game on July 24. ABC, also owned by Disney, will carry two games, a regular-season match-up featuring Beckham's Galaxy against DC United and the MLS Cup championship in November.<sup>lxvi</sup>

Another rights holder, at \$5 million per year for five years,<sup>lxvi</sup> is Fox Soccer Channel, a U.S. digital cable network owned by News Corp.<sup>lxvi</sup> FSC will broadcast 32 regular-season games on Saturday nights in 2008. In 2007, FSC expanded its program *MLS Saturday* to a 3-hour format, with both a pregame and postgame show wrapped around the featured match.<sup>lxvi</sup> Fox Soccer Channel also carries live and tape-delayed matches each week from the [English Premier League](#) and soccer games from leagues in Argentina, Australia, Italy and Japan.<sup>lxvi</sup>

HDNet, an all-high-definition channel available through DirecTV, Dish Network and cable providers such as Comcast and Time Warner,<sup>lxvi</sup> will air 30 regular-season games in 2008, all but one on Saturday nights.<sup>lxvi</sup> HDNet, launched by Dallas Mavericks owner Mark Cuban in 2001, paid \$2.5 million for its three-year rights package.<sup>lxvi</sup>

Rights holder TeleFutura, owned by Univision, will in 2008 offer 24-regular season games, the MLS All-Star Game, one playoff game and the MLS Cup game.<sup>lxvi</sup>

More than 100 MLS games – most of each team’s 30-game schedules – also are available through MLS Direct Kick, an out-of-market package distributed by most cable and satellite providers in North America. The Direct Kick package costs between \$69 and \$79 for residential subscribers.<sup>lxvi</sup> An equal number of games are carried via the Internet by MLSSLive.tv.<sup>lxvi</sup> Table V:1 runs through the current national TV deals owned by MLS.

**TABLE V:1: MLS NATIONAL TELEVISION DEALS, 2008**

<b>NETWORKS</b>	<b>TERM</b>	<b>FEE PER YEAR</b>
ESPN/ABC	8 years	\$8 million
Univision	8 years	\$10 million
Fox Soccer Channel	5 years	\$4 million
HDNet	3 years	\$2.5 million

**SOURCES: Multichannel.com, 2006; Soccer Silicon Valley, 2006, Television Sports Rights, 2007**

### **Soccer Ratings Have Yet To Catch Fire**

The regular-season ratings on the league’s biggest TV platforms, ESPN, were lukewarm and didn’t see much of a boost from the presence of David Beckham. On ESPN, ratings late in the season were flat compared to the same stretch in 2006 as the network earned a 0.2 rating. In a spate of four games after Beckham joined the Los Angeles Galaxy in August, ESPN saw a slight bump in its audience, up to a 0.3 rating. That occurred even though Beckham played a combined 30 minutes in two of those games. In a match-up that ABC will again feature in 2008, the Galaxy and DC United clash with Beckham on board earned a rating of 0.4.<sup>lxvi</sup> On the positive side, ESPN did post a 67-percent increase in the 18- to 34-year-old male demographic that it targeted when it invested in the sport.<sup>lxvi</sup>

By comparison, ESPN’s baseball broadcasts drew a rating of 1.35 over the same period. WNBA games were on par with soccer, earning a 0.2. During the season, ESPN put big promotional energy behind its new Thursday night games, buying advertisements on the front page of USA Today, trumpeting the games in 30-second TV spots across its network, and highlighting game times on its website.<sup>lxvi</sup>

One ESPN executive admitted there was uneasiness over the lack of any major ratings surge pre-Beckham, but he said the network was willing to wait for better days.<sup>lxvi</sup>

“If, before the season, you told me that we’d be at a 0.2 before Beckham, I’d tell you that I’d be disappointed,” said Tim Scanlan, ESPN senior coordinating producer. “We clearly weren’t expecting those ratings.”<sup>lxvi</sup>



According to Scanlan, 2007 headlines in other pro sports, including the homerun chase by Barry Bonds and scandals in the NFL and NBA, were perhaps tamping down MSL ratings. But he said ESPN remained patient with soccer and wanted to be a player in growing the sport.<sup>lxvi</sup> MLS president Mark Abbott said the ESPN ratings were not a surprise to him or to other league fathers: “As we establish a new time period and build overall awareness about the games over the course of the whole season, I expect we’ll see growth.”<sup>lxvi</sup> No question, though, individual clubs believe they can capitalize on improved local TV ratings when their squads play Beckham and the Galaxy. Those games are often promoted heavily on local stations in the markets against whom Los Angeles soon will play. Table V:2 shows the national TV coverage each team will receive in 2008 plus their local broadcast channels, where those deals have been finalized.

**TABLE V:2 MLS TEAM APPEARANCES BY NETWORK OR CHANNEL, 2008**

TEAM	ESPN2, Deportes	ABC	FSC, FSE	Telefutura	HDNet	Local TV
Chicago	6	0	4	7	4	18 on My50
Columbus	3	0	3	1	4	19 on CSN
DC United	4	1	6	3	1	17 on CSN
Kansas City	1	0	2	1	4	23 on Metro Sports
New York	5	0	5	4	5	19 on MSG
New England	6	0	3	2	6	21 games on TV38
Toronto	1	0	4	1	3	9 on Rogers SportsNet, 13 on CBC
Chivas USA	5	0	6	3	6	18 on FSN-W and FSN-PT
Colorado	2	0	5	4	3	21 games on Altitude
FC Dallas	4	0	5	9	1	15 on KFWD-52, five on FSN-SW

Houston	4	0	4	3	4	17 on Channel 55, 15 on Channel 43
Los Angeles	5	1	5	4	5	17 on FSN-W or FSN-PT
Salt Lake	3	0	2	0	4	No local

**SOURCE: MLSnet.com**

### **The Beckham Gambit**

Sure, David Beckham's jersey was the top seller in the world in 2007.<sup>lxvi</sup> But has the big splash and big money behind his debut in the league paid off for the MLS? Not yet. As noted in the exploration of TV ratings, Beckham has caused only a minor blip in TV audience numbers. Will the league see any benefits in seven years when it goes to renegotiate its biggest cable and network rights deals? So far, it doesn't look that way.

The MLS had some lofty goals for the presence of the British star in American pro soccer. The first was increasing the league's stature among soccer fans and among other U.S. sports. On that level, the Beckham signing in Los Angeles was a success, providing a brilliant, short burst of exposure. News of the deal brought a rush of newspaper, website, magazine and TV news stories as did his eventual arrival in L.A. The same attention followed when Beckham finally got into a handful of games late in season.

Beckham's contract with the Galaxy began on July 1 and he was officially unveiled as a player on July 13 at the Home Depot Center. He opted to wear number 23, saying it was because NBA legend Michael Jordan also wore 23. Galaxy jersey sales reached a record of more than 250,000 before his formal introduction. On July 21, Beckham made his Galaxy debut, entering in the 78th minute of an eventual 1-0 loss to Chelsea during the World Series of Football tournament, also called SuperLiga. Two weeks later, he made his league debut as a substitute on Aug. 9 against D.C. United<sup>lxvi</sup>. Nine days later, 66,237 fans jammed into Giants Stadium to watch Beckham's first game as a starter against the New York Redbulls. That marked largest attendance for a regular-season game in MLS history. The Redbulls had been averaging 13,000 fans per game.<sup>lxvi</sup> Table V:3 lists the 2007 attendance of each MLS club versus the capacity of the stadiums in which they play.

**TABLE V:3: MLS TEAM ATTENDANCE VS. SEATING CAPACITY, 2007**

<b>Team</b>	<b>Stadium</b>	<b>Capacity</b>	<b>2007 Avg. Attendance</b>	<b>Year founded</b>
<a href="#"><u>Chicago Fire</u></a>	<a href="#"><u>Toyota Park</u></a>	20,000	16,490	1997
<a href="#"><u>Columbus Crew</u></a>	<a href="#"><u>Columbus Crew Stadium</u></a>	22,555	15,230	1995
<a href="#"><u>D.C. United</u></a>	<a href="#"><u>RFK Stadium</u></a>	56,692	20,967	1995
<a href="#"><u>Kansas City Wizards</u></a>	<a href="#"><u>CommunityAmerica Ballpark</u></a>	10,000	11,586	1995
<a href="#"><u>New England Revolution</u></a>	<a href="#"><u>Gillette Stadium</u></a>	68,756	16,787	1995
<a href="#"><u>New York Red Bulls</u></a>	<a href="#"><u>Giants Stadium</u></a>	80,242	16,530	1995
<a href="#"><u>Toronto FC</u></a>	<a href="#"><u>BMO Field</u></a>	20,500	20,130	2006
<b>Team</b>	<b>Stadium</b>	<b>Capacity</b>	<b>2007 Avg. Attendance</b>	<b>Year founded</b>
<a href="#"><u>CD Chivas USA</u></a>	<a href="#"><u>The Home Depot Center</u></a>	27,000	14,305	2004
<a href="#"><u>Colorado Rapids</u></a>	<a href="#"><u>Dick's Sporting Goods Park</u></a>	18,086	14,749	1995

<a href="#"><u>FC Dallas</u></a>	<a href="#"><u>Pizza Hut Park</u></a>	20,500	15,145	1995
<a href="#"><u>Houston Dynamo</u></a>	<a href="#"><u>Robertson Stadium</u></a>	32,000	15,883	2005
<a href="#"><u>Los Angeles Galaxy</u></a>	<a href="#"><u>The Home Depot Center</u></a>	27,000	24,252	1995
<a href="#"><u>Real Salt Lake</u></a>	<a href="#"><u>Rice-Eccles Stadium</u></a>	45,634	15,960	2004
<a href="#"><u>San Jose Earthquakes</u></a>	<a href="#"><u>Buck Shaw Stadium</u></a>	11,500	13,037 (2005)	1995

**Source: Wikipedia**

Between July 24 and Aug. 29, SuperLiga continued simultaneously with the MLS season. In the inaugural edition of the global tournament, eight clubs, including the Galaxy, were picked by invitation. In the future, the MLS attendees must finish the season in first through fourth place. Games included international squads like those from the Primera División Mexicana. All matches were carried live on Fox Sports World in Canada (English), Telefutura in the United States (Spanish) and Televisa and TV Azteca in Mexico (both Spanish). During the SuperLiga final against Pachuca, Beckham hurt his right knee. An MRI showed he had sprained his medial collateral ligament and would miss six weeks. He returned to MLS action for the final home match of the season. The Galaxy was eliminated from the playoffs on Oct. 21, a 1-0 loss to Chicago Fire. Beckham played as a substitute, finishing the season with eight total games played (just five of the Galaxy's league matches), one goal and three assists.<sup>lxvi</sup>

In the MLS, another hope for Beckham's jump to America was that he would elevate the level of play in the league. But with Beckham managing just five appearances, that has not yet occurred. Worse, he has played for a bad team that didn't make the post season.<sup>lxvi</sup> Despite the team's record in 2007, the Galaxy became a featured team on some of the league's primary TV carriers, appearing six times on HDNet, five times on FSC and six times on Disney partners ESPN and ABC.<sup>lxvi</sup> While the TV attention on Beckham was understandable as a ratings-grab ploy, it nonetheless drew criticism as being too Beckham-centric. While the MLS continues to leverage and market Beckham, the league has much work to do in terms of promoting its other stars and its other teams.<sup>lxvi</sup> ESPN

and its soccer productions emphasized player personalities and statistics in 2007 more than past soccer broadcasts — an approach that brought flak from mainstream sports outlets and soccer blogs which slammed ESPN for focusing too much on Beckham, with frequent shots of the player on the bench, warming up or playing without the ball. Still, ESPN vowed late in the 2007 season not to use the “Beckham cam” as frequently in its future games, saying it didn’t want to create a “Tiger Woods effect” where fans come to think that games without Beckham don’t matter.<sup>lxvi</sup>

Finally, and most importantly, league fathers hope that Beckham's presence will lure other international stars to flock to the MLS, further bumping the league’s profile, its play and its TV ratings. The thinking at league headquarters is that the MLS won’t bask in international respectability until many more of the world’s best players join the MLS. But beyond a small number of fading stars from South and Central America, that global talent surge has not occurred. In fact, the opposite seems to be happening as many top, young American players see the MLS as a gateway to overseas leagues.<sup>lxvi</sup>

One area where the league can point to Beckham’s influence is the influx of corporate sponsors. In recent years, the MLS has signed Anheuser-Busch, JPMorgan Chase & Co. and Gatorade.<sup>lxvi</sup> In 2007, MLS teams also began selling ad space on the front of jerseys to companies that had already been advertising on the back of club jerseys. This mimicked the practice in international soccer. The MLS set a bottom rung of \$500,000 per shirt sponsorship. From each deal, the league gets a flat fee of \$200,000. Online gambling and hard liquor sponsorships are banned. As the 2008 season dawned, seven of the league's 14 clubs had inked sponsorship deals to have company logos placed on the front of their jerseys.<sup>lxvi</sup>

### **MLS Expansion Rolls On**

The 15th Major Soccer League team in Seattle isn’t scheduled to suit up until 2009, but in early 2008 the league announced the location for its 16<sup>th</sup> franchise – Philadelphia. That club will begin play in 2010, returning pro soccer to Philly 28 years after the city lost the NASL Fury.<sup>lxvi</sup>

Continuing the trend toward soccer-centric parks, the Philadelphia team will play in a 20,000-seat riverside soccer stadium to be built in Chester, Pa., about 18 miles south of the city,<sup>lxvi</sup> The new stadium is the centerpiece of a \$500 million waterfront development project along the Delaware River.<sup>lxvi</sup>

In 2007, Toronto FC also played its first MLS games. This rapid growth has been essential, coming at a time when new national TV deals were brokered with ABC and ESPN – pacts that in 2008 dispersed \$8 million of broadcast revenue to each club. Even more, the aggressive expansion plan demonstrated the league’s financial stability. In the NBA and the NHL there is strong talk of franchises relocating.

The league plans to have 18 teams by 2012. Candidate cities are thought to include Atlanta, Detroit, Las Vegas, Miami, Montreal, New York, Portland, and Vancouver.<sup>lxvi</sup> But for franchise No. 17, St. Louis appears to be the frontrunner. According to MLS commissioner Don Garber, St. Louis now stands at the head of the expansion line.<sup>lxvi</sup>

### **Women's League Prepares for Debut**

Emerging from the wreckage of the Women's United Soccer Association, a new women's league is ready to launch with smaller ambitions and a far more frugal budget. Women's Professional Soccer is scheduled to kickoff in 2009. Unlike its defunct sister – which from 2001 to 2003 starred ex-World Cup stars Brandi Chastain, Julie Foudy and Mia Hamm – the WPS won't hit the scene with any bold predictions about massive attendance figures or major TV ratings.<sup>lxvi</sup>

“We know we are not going to get another shot at this,” WPS chief executive officer Tonya Antonucci said. “We have to get it right this time. There is no going back. That is why we can't afford to get ahead of ourselves and set targets that are unrealistic. I firmly believe there is a place for this league, but it is about finding our niche market and growing steadily.”<sup>lxvi</sup>

Seven franchises are on board in Boston, Chicago, Dallas, Los Angeles, New York, St. Louis and Washington, D.C. The league requires a rights fee of about \$1.5 million. And an eighth team may be placed in the San Francisco Bay Area. More importantly, Antonucci has been negotiating broadcast deals as well as sponsorship agreements. Getting some assistance from the marketing arm of Major League Soccer, the WPS is reportedly trying to ink pacts with MLS sponsors such as Adidas, Budweiser, Kraft Foods, Home Depot and Visa.<sup>lxvi</sup>

According to Antonucci, the new league will try to avoid the errors that doomed the WUSA. That means the WPS will aim for lower operating costs, banking on its partnership with the MLS marketing arm. What's more, fresh deals for some women's pro teams to play in MLS stadiums will save money.<sup>lxvi</sup> The Los Angeles franchise, for example, will play at the Home Depot Center, and the Chicago club will play at Toyota Park. Dallas was in negotiations with Pizza Hut Park, while several other teams will likely play at college venues.<sup>lxvi</sup>

<sup>lxvi</sup> Brandweek, March 10, 2008

<sup>lxvi</sup> Brandweek, March 10, 2008

<sup>lxvi</sup> Washington Times, May 11, 2006

<sup>lxvi</sup> Wikipedia

<sup>lxvi</sup> Multichannel.com, Aug. 7, 2006

<sup>lxvi</sup> MLSnet.com

<sup>lxvi</sup> Multichannel.com, Aug. 7, 2006

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## **CHAPTER SIX: MOTOR SPORTS**

For once, the big news in auto racing wasn't driven by NASCAR's ups and downs, or the pretty face of Danica Patrick. The tallest headlines in 2008 revolved around the unification of long-feuding Indy Racing League and the Champ Car World Series, a merger that could salvage the larger, gasping sport of open-wheel racing in North America.

On Feb. 22, 2008, leaders of the IRL and Champ Car signed a deal to pull some of the remaining Champ Car teams and series races under the financially stronger IRL umbrella,<sup>lxvi</sup> ending a 12-year split that saw Indy-style racing events suffer staggering declines in television ratings and attendance.<sup>lxvi</sup> Only the presence of Patrick – who finally won her first IRL race in 2008 – injected fresh interest.

Champ Car, which lost Ford and Bridgestone as its presenting sponsors in 2007,<sup>lxvi</sup> filed for bankruptcy in early 2008, further clouding much of the unification fallout, including what the revamped 2008 IRL race schedule will look like and exactly which Champ teams would be participating. All those issues were expected to be resolved shortly after the IRL kicked off its season in late March.<sup>lxvi</sup> Moreover, both leagues had working broadcast deals with the Walt Disney Co., airing their weekend events on ESPN, ESPN2 or ABC, so the fusion of IRL and Champ didn't carry any potential for a custody battle among network partners.

In the stock car world, NASCAR began to roar back to financial life in 2008 following two surprisingly sluggish seasons that surely had the TV networks and corporate sponsors wondering why this once hot commodity had started to lose steam. The slowdown began unexpectedly in 2006 when NASCAR fans began to abandon the sport for the first time since stock racing blasted from the backwoods of the Southeast and into the center of American pop culture. Almost overnight, TV ratings slipped and track attendance dwindled. In 2007, additional soft TV audience numbers spurred more opining within the NASCAR circuit that maybe the sport's aggressive expansion into northern and western U.S. cities had alienated the traditional southern fan base.<sup>lxvi</sup>

But through the first seven NASCAR events of 2008 – including the Daytona 500 – six of the races posted better Nielsen ratings as compared to 2007, a critical signal that the fans are back.<sup>lxvi</sup>

Still, NASCAR does continue to face a few financial speed bumps in the near term. Licensing – from hats, RV flags, posters, seat cushions and myriad other fan items that pump up NASCAR's coffers – has been on the decline in recent seasons.<sup>lxvi</sup> And NASCAR's recent \$4.48 billion TV-right package with ABC, ESPN, Fox and TNT pays the circuit and its teams less in the near term.<sup>lxvi</sup> So while the revived TV ratings are great for the networks, NASCAR will have to wait several years to reap the rewards.

### **Fresh TV Deals Will Pay NASCAR More, Later**

Under the terms of NASCAR's current broadcast contracts, launched in 2007, the stock car circuit and its teams will collect \$560 million per year on average over the next seven racing seasons, a 40 percent hike in what NASCAR earned from its last set of TV agreements. That sounds healthy. But most of the money from ABC, ESPN, Fox and TNT will be paid in the later years of the individual pacts. In fact,



not until 2012 will the total annual payout exceed the TV money that NASCAR pocketed in 2006.<sup>lxvi</sup>

With TV revenues relatively flat for the time being, the rising cost of simply competing in NASCAR has caused about 20 percent of the circuits teams to lose money in recent seasons.<sup>lxvi</sup> But NASCAR's recent struggles have caught the eyes of a fresh breed of investors, including hedge-funders and owners from other sports leagues, who are trained to buy low. As a result, new money is expected to surge into stock car racing in coming seasons.<sup>lxvi</sup> And it won't hurt when the TV deals start increasing their annual payouts.

During the 2008 season, Fox owned the rights to the first 14 races, including the lucrative Daytona 500. The Fox portion of the schedule ate up February, March, April and May. In June, TNT began the first of its six race broadcasts. In mid-July, ESPN grabbed NASCAR for a six-week run that finished off the summer months. ABC opened its 11 broadcasts on Sept. 6, culminating in the Ford 400 on Nov. 16, the race that determines the NASCAR champion.

Fox basked in a string of early TV ratings victories as the 2008 season got underway. The first race, the Budweiser Shootout on Feb. 9, earned 5.1 rating which was 6 percent higher than the audience figures in 2007. At the Daytona 500 on Feb. 17, the Fox ratings again were better than 2007, by 1 percent. Viewer numbers for the Auto Club 500 were down by 1 percent from 2007 but ratings for the UAW-Dodge 400, on March 2, jumped 13 percent over the 2007 race. The next two races – the Kobalt Tools 500 and the Ford City – were up 19 percent and 2 percent respectively over those broadcasts in 2007.<sup>lxvi</sup>

### **NASCAR Business: Fatter Profits amid Sponsor Sputters**

Sponsorships remain a concern in NASCAR. The price to sponsor an upper-tier car remained at about \$15 million in 2007. But car owners are investing more and more money on technology to keep pace with rival teams and to bring safer cars to the track as part of a NASCAR mandate. The safety improvements may cost team owners \$100 million combined in the span of two seasons. As a result of these elevated costs, owners are in the market for partners to bring in sports sponsorships. One of those deals occurred in early 2007 when Roush Racing sold 50 percent of its team – a deal with \$60 million – to an entity run by John Henry, the hedge fund manager and owner of baseball's Boston Red Sox. Analysts at Forbes magazine called the sale a “steal.” The magazine estimated that Roush's nine-car, three-truck stable was worth \$316 million in 2007 and collected revenues of \$189 million. Each figure was tops in NASCAR.<sup>lxvi</sup>

The NASCAR economy is fueled by sponsors. Corporate payments – in exchange for logo placement on team uniforms and cars – fuel about 75 percent of each team's revenue. One vehicle can contain about 20 logos. As TV ratings dipped in 2006 and 2007, sponsorships became somewhat more difficult to sell within NASCAR. The

smaller TV audiences meant sponsors were enjoying less TV exposure. According to market research firm Joyce Julius & Associates, Budweiser got \$183 million in exposure value in 2006, a 4 percent decline from three seasons earlier.<sup>lxvi</sup> As the ratings seemed to rebound in 2008, those exposures and those sponsor values climbed once more.

While costs grew and sponsorships momentarily hit a rough patch, the average NASCAR team still banked about \$12 million in profits in 2007. In Major League Baseball by comparison, the clubs took in \$16.5 million in profits on average in 2007. NASCAR does have a money-saver to count on, too. It's "Car of Tomorrow" program is part of that NASCAR mandate for safer cars. But the program also limits modifications to the cars so teams will be prohibited from building and running specialized cars for different kinds of tracks.<sup>lxvi</sup>

That's one of the enticements for new investors like Henry and George Gillette, owner of the NHL's Montreal Canadiens. According to Forbes, several team owners have fielded calls from still more investors who are interested in buying a piece of a team, and at least one group wanted to take a team public through an initial public offering. Through its calculations, Forbes estimates the average NASCAR team was worth \$120 million in 2007, which is 67 percent more than the previous year. One reason for the increase was that elite teams fielded 41 cars in NASCAR's elite Nextel Cup Series as opposed to just 34 in 2006. So there were more deals from sponsors who intended to capitalize on TV exposure.<sup>lxvi</sup>

Forbes also had access to more detailed information about where teams generate additional revenue, and how much. That greatly expanded the magazine's estimates of non-race day income. Table VI:1 ranks the NASCAR teams by value and also lists annual revenue and income.

**TABLE VI:1: NASCAR TEAM VALUES, 2007**

2007 Rank	2006 Rank	<u>NASCAR TEAM</u> (# Nextel Cup/Busch cars)	Value (\$mil) <sup>1</sup>	Revenue (\$mil) <sup>2</sup>	Operating Income (\$mil) <sup>3</sup>	Most Valuable Driver <sup>4</sup>	Car #	Primary Sponsor
1	1	Roush Fenway Racing (5/4)	316	189	39.1	Matt Kenseth	17	DeWALT
2	2	Hendrick Motorsports (4/2)	297	163	38.9	Jeff Gordon	24	DuPont
3	3	Joe Gibbs Racing (3/2)	173	110	23.6	Tony Stewart	20	The Home Depot

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4	6	Evernham Motorsports (2/1) <sup>4</sup>	128	89	17.8	Kasey Kahne	9	Dodge Dealers/UAW
5	4	Richard Childress Racing (3/3)	124	98	19.1	Kevin Harvick	29	Shell/Pennzoil
6	8	Dale Earnhardt Incorporated (3/1)	118	96	16.6	Dale Earnhardt Jr.	8	Budweiser
7	9	Robert Yates Racing (2/1)	103	77	14.0	David Gilliland	38	M&M's
8	5	Chip Ganassi Racing (3/2)	94	80	7.5	Juan Montoya*	42	Texaco/Havoline
9	14	Michael Waltrip Racing (3/1)	91	75	-2.7	Dale Jarrett	44	UPS
10	7	Penske Racing (2/1)	75	65	9.7	Ryan Newman	12	ALLTEL
11	12	Ginn Racing (3/1)	74	60	-1.7	Mark Martin	1	U.S. Army
12	NA	Team Red Bull (2/0)	53	41	-5.9	Brian Vickers	83	Red Bull
13	11	Bill Davis Racing (2/0)	53	44	4.3	Dave Blaney	22	Caterpillar
14	10	Petty Enterprises (2/0)	48	41	6.6	Bobby Labonte	43	Cheerios/Betty Crocker
15	13	Haas CNC Racing (2/0)	46	37	-1.9	Jeff Green	66	Best Buy
<b>AVERAGE:</b>			<b>120</b>	<b>84</b>	<b>\$12.3 mil</b>			

**Source: Forbes, 2007**

*All data for 2006 season. Sources: Teams; Forbes research.*

*(1) Estimates based on past and pending deals, sponsorship agreements and scale of operations.*

*(2) Includes all Nascar-related income.*

*(3) In terms of Earnings before interest, taxes, depreciation and amortization.*

*(4) Includes 50% stake in Valvoline Evernham Racing.*

NASCAR and TV partner Turner Broadcasting tightened their partnership further in early 2008 with a multi-year extension that allows TBS to operate NASCAR's official Web site, NASCAR.com. The pact also calls for collaboration between

NASCAR and Turner Sports on content creation, e-commerce and race ticket sales direct from NASCAR sanctioned race track operators.<sup>lxvi</sup>

Under the extension, Turner Sports bought the rights to continue website management through 2014 and to provide oversight to all functions, including news content, broadband coverage, wireless platforms, video downloads and ad sales. Turner has operated the site since 2001.<sup>lxvi</sup>

### **Daytona 500 Continues to Serve as Advertising Magnet**

NASCAR's biggest race, its second of the season, has been the equivalent of the NFL's Super Bowl in terms of ad revenues. Available TV commercial slots sold out faster in 2008 as compared to 2007 and the prices were 15 percent higher.<sup>lxvi</sup> Table VI:2 offers a year-by-year look at the costs for 30-second ads during the Daytona 500.

**TABLE VI:2: TV AD COSTS FOR THE DAYTONA 500, 2001-2008**

YEAR	COST OF 30-SECOND SPOT	NETWORK
2008	\$550,000	Fox
2007	\$500,000	Fox
2006	\$450,000	NBC
2005	\$385,000	Fox
2004	\$370,000	NBC
2003	\$325,000	Fox
2002	\$275,000	NBC
2001	\$275,000	Fox

**Source: MediaWeek, Nielsen Monitor-Plus, USA Today**

The advertisers' budgets at Daytona offer a representative slice sponsor spending in NASCAR. At the big Florida race, Anheuser-Busch and General Motors have long been the top advertisers, shelling out about \$30 million between them since 2001.<sup>lxvi</sup> The two companies are an advertising force as well throughout the remainder of each NASCAR seasons.

By mid-March 2008, NASCAR had sold 90 percent of its 30-second commercial spots for the entire season.<sup>lxvi</sup> That sales rate was about 20 percent ahead of the pace NASCAR saw in the 2007 season. For the regular season, ad inventory for NASCAR telecasts is selling for about \$200,000 per 30 seconds, up from \$175,000 last season, a 14 percent increase per unit.<sup>lxvi</sup>

TV ad sales for NASCAR rates have been pumped by strong interest in several categories, including prescription and over-the-counter drug companies, fast food, wireless, financial services and retail.<sup>lxvi</sup>

## **The Merger That Saved Open-Wheel Racing**

Times had been tough within the Indy Racing League. Times had become desperate at the rival Champ Car World Series, which unlike the oval courses at IRL, featured mostly road and street courses.

Champ Car's governing body used to be known as Championship Auto Racing Teams, or CART prior to its 2003 bankruptcy. Under CART, the series was officially titled the CART PPG IndyCar World Series, the CART FedEx Championship Series and, eventually, the Bridgestone Presents The Champ Car World Series Powered By Ford.

In 2007, when Champ Car lost Bridgestone and Ford as its presenting sponsors, it simply was called the Champ Car World Series.<sup>lxvi</sup>

All the name changes offered a glimpse of the financial turmoil behind the scenes at Champ Car. It didn't have the Indy 500. It didn't have Danica Patrick either. In fact, only two of the drivers on Champ Car's 2008 roster were American.<sup>lxvi</sup> But at the IRL, which did possess the famous Brickyard race and Patrick – along with Dario Franchitti, Scott Dixon and Tony Kanaan and Dan Wheldon – the economics were only marginally more robust. On ABC, Nielsen TV ratings for the Indy Car Series were down 4.4 percent in 2007 compared to 2006. But the biggest viewership drop occurred in the circuit's biggest race, the Indy 500, where ratings were off by 14 percent from the previous year.<sup>lxvi</sup>

In November 2007, two months after the IRL wrapped up its final race of the season, IRL founder Tony George made an offer to the heads of Champ Car: he would supply free cars and engine leases to Champ Car teams that were willing to run the entire 2008 IndyCar Series schedule. In exchange, IRL would get Champ Car's dates at Long Beach, Toronto, Edmonton, Mexico City, and Australia, which would be added to the IRL schedule. This would, in effect, unify the two open-wheel series which split in the mid-1990s.<sup>lxvi</sup>

As the talks continued through the winter between the leagues, IRL strengthened its hand with a revenue-sharing plan. The goal was to increase driver participation at more IRL races – and to lure more teams to the circuit with increased financial stability. Called IndyCar TEAM (Team Enhancement and Allocation Matrix), the program would pay racing teams a minimum of \$ 1.2 million for each car competing in the full 16-race schedule. Race purses were eliminated for all events except for the showcase event, the Indianapolis 500, although the top five finishers in each race became eligible for cash bonuses. The total purse for 2008 Indy 500 was raised to \$13.4 million with the winner getting \$2.5 million and the last-place car earning at least \$270,000. In contrast, 2007 winner Franchitti took home \$1.6 million and the last-place driver grabbed \$224,000. The driver who earned the season championship could collect \$1 million and those finishing the season in second through fifth would get cash bonuses.<sup>lxvi</sup>

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The deal between the IRL and Champ was completed on the night of Feb. 22 between George and Champ Car co-owners Gerald Forsythe and Kevin Kalkhoven, ending a bitter, decades-old split.<sup>lxvi</sup>

“This is a great day for open-wheel racing,” said IndyCar team owner and former Indy 500 winner Bobby Rahal. “I applaud all of those that made this possible, but want to especially recognize all of those that made sacrifices and concessions to secure the future of open-wheel racing. I truly believe that this is the first step toward restoring open-wheel racing and the Indianapolis 500 to not only where it once was, but beyond.”<sup>lxvi</sup>

The unified body kept the name Indy Racing League and the competition continued to be called the IndyCar Series, showing the financial dominance of the IRL in the new structure. George vowed that the new IRL would immediately absorb Champ Car races in Edmonton, Canada and Surfer's Paradise, Australia into its 16-race 2008 schedule.<sup>lxvi</sup>

The shakeout – which Champ Car races and drivers would be retained – began immediately. The IRL expected to open its 2008 season on March 29 in Homestead, Fla. with at least 10 new cars. (During the 2007 season, there were 18 cars on the circuit). To help the transitioning teams, the IRL came up with a plan to pair some of its existing teams with the former Champ Car teams to provide technical and logistical support.<sup>lxvi</sup>

In the end, only Edmonton and Surfer's Paradise were pulled into the 2008<sup>lxvi</sup> IRL schedule from the 14-race Champ Car series. But George said he wanted to see a 20-race IRL schedule in 2009, anchored by Champ Car's hugely successful Long Beach Grand Prix and the iconic Indianapolis 500. It is expected that half the 20 races will be run on ovals and with several events staged outside of the United States.<sup>lxvi</sup>

On March 5, 2008, two weeks after the merger, the owners of the former Champ Car World Series filed for Chapter 11 bankruptcy. The filing in U.S. District Court in Indianapolis, stated that Champ Car had spent tens of millions of dollars in the past four years to maintain the series and that its takeover by the IRL is in the best interest of the sport. The bankruptcy filing did not affect the IRL deal, according to Jeff Hokanson, a lawyer representing Champ Car. The Champ Car owners intended to stay in business just long enough to run their Toyota Grand Prix of Long Beach on April 20, 2008. Then they planned to liquidate or sell their assets to pay debts. The bankruptcy filing indicated debts of up to \$10 million, but Hokanson said he expected known claims to amount to \$5 million or less.<sup>lxvi</sup>

<sup>lxvi</sup> Autosport.com, Feb, 22, 2008

<sup>lxvi</sup> The Canadian Press, March 12, 2008

<sup>lxvi</sup> Wikipedia

<sup>lxvi</sup> InsideTrackNews.blogspot.com, March, 19, 2008

<sup>lxvi</sup> Television Sports Rights, 2007

<sup>lxvi</sup> Sports Media Watch, March 11, 2008; Winston-Salem Journal, March, 19, 2008

<sup>lxvi</sup> Forbes magazine, June 15, 2007

- lxvi Forbes magazine, June 15, 2007
- lxvi Forbes magazine, July 2, 2007
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- lxvi Reuters, Feb. 27, 2008
- lxvi The Canadian Press, March 12, 2008
- lxvi Houston Chronicle, March 3, 2008
- lxvi Reuters, Feb. 27, 2008
- lxvi Associated Press, March 7, 2008

## **CHAPTER SEVEN: FIGHTING SPORTS**

Mixed martial arts continued its stunning rise as a muscular force in sports television by heading to network prime time in 2008. The rough-and-tumble ring rumble grabbed four nights on CBS, which apparently salivated over MMA's 18-34 male demographic.<sup>lxvi</sup>

With its increasing pay-per-view numbers and its healthy slate of events and programs on Showtime, HDNet and Spike TV, MMA and its U.S.-based Ultimate Fighting Championship seem poised to make even deeper inroads into the mainstream sporting audience.

But in the face of that heavy-fisted onslaught by MMA, boxing regained some strength in 2007. Riding super welterweights Oscar De La Hoya and Floyd Mayweather Jr., boxing rallied on the broadcast front, retaking command of the pay-per-view market mainly via Home Box Office.<sup>lxvi</sup> And 2008 appeared to be another

strong year for telecasts of the sweet science, with a De La Hoya-Mayweather rematch looming on the fall schedule.<sup>lxvi</sup>

**De La Hoya’s TV Magic Breathes New Life into Boxing**

Unlike boxing’s true golden era, with its 1970s heavyweight roster of Muhammad Ali, Joe Frazier and George Foreman, and its 1990s reprise with Mike Tyson and Evander Holyfield, the broadcast economy surrounding the modern fight game has lived and died with De La Hoya. The 1992 Olympic gold medalist has become the top TV draw as an aging super welterweight. That was never more evident than during De La Hoya’s ultra-hyped title bout against Mayweather Jr. in May 2007.

On pay-per-view channels – the primary broadcast pipeline for pro boxing – no match-up had registered more than 1.25 million buys since the Tyson-Lennox Lewis fight in 2002. And the top five PPV bouts ever featured a total of eight heavyweights. The only non-heavyweights in that elite group were De La Hoya and Felix Trinidad in 1999.<sup>lxvi</sup>

Given that history, no one expected De Lay Hoya-Mayweather to single-handedly return the sport to its TV glory days. Before the fight, experts speculated the clash would rank about fourth all-time, just ahead of De La Hoya’s previous best of 1.25 million buys and \$64 million in gross revenue. De La Hoya’s most recent fight, a May 2006 bout with Ricardo Mayorga, had drawn 925,000 buys and had generated \$46.2 million in gross revenue.<sup>lxvi</sup> But there was a tidal wave of pre-fight media attention and Internet hoopla. And apparently there was one hungry TV audience.

In the end, De La Hoya-Mayweather smashed all PPV records with 2.4 million buys and \$134 million in gross PPV revenue.<sup>lxvi</sup> The fight, won by Mayweather in a split decision, also set box office records with more than \$19 million in gross ticket sales at the MGM Grand Garden Arena in Las Vegas. The old mark was about \$16.9 million, set by the 1999 rematch between Lewis and Holyfield at the Thomas & Mack Center in Las Vegas.<sup>lxvi</sup> Table VII:1 shows the top six PPV boxing events ever.

**TABLE VII:1: TOP PPV EVENTS ALL-TIME**

<b>RANK</b>	<b>EVENT</b>	<b>DATE</b>	<b>TOTAL BUYS (millions)</b>	<b>GROSS REVENUE (millions)</b>
1	De La Hoya-Mayweather	May 5, 2007	2.4	\$134
2	Lewis-Tyson	June 8, 2002	1.95	\$106.9
3	Holyfield-Tyson II	June 28, 1997	1.99	\$100.2
4	Holyfield-Tyson I	Nov. 9, 1996	1.59	\$77.9



5	Tyson- McNeeley	Aug. 19, 1995	1.55	\$67.1
6	Trinidad-De La Hoya	Sept. 18, 1999	1.25	\$64

**Source: Kagan Research Associates, Multichannel.com, ESPN.com**

The De La Hoya touch seemed to boost the sport beyond that single bout, however. Mayweather became a stronger commodity, both through his PPV exposure on May 5 and through his victory over De La Hoya. On Dec. 8, 2007, Mayweather's 10<sup>th</sup>-round knockout of England's Ricky Hatton to retain the welterweight belt pulled in 850,000 domestic PPV buys and produced \$47 million in TV revenue, according to provider HBO. The buys were split between 520,000 cable homes and 330,000 satellite homes.<sup>lxvi</sup>

The May blockbuster and that second Mayweather title fight gave HBO PPV a record-breaking year as its eight boxing events sold 4.8 million buys and yielded \$255 million. The old record for HBO came in 1999 when it sold 4 million PPV units and generated \$200 million.<sup>lxvi</sup>

The momentum carried into 2008. Former world champions Roy Jones and Trinidad cashed in their reputations during a light heavyweight showdown in January at Madison Square Garden in New York, grabbing a surprising 500,000 PPV buys and \$25 million in domestic TV revenue. That bout also was carried by HBO PPV.<sup>lxvi</sup>

The sport could finish 2008 with a flurry. De La Hoya and Mayweather have a rematch scheduled for Sept. 20. Early in the year, some drama developed around that potential payday when Mayweather threatened to fire his uncle, Roger Mayweather, as his trainer if he didn't stop working with fellow fighter Steve Forbes. But Forbes fired Roger Mayweather before the family feud could go any further. Forbes was scheduled to fight De La Hoya on May 3 – likely another big night for the sport. But if De La Hoya lost to Forbes, there would probably be no rematch between Mayweather and De La Hoya, costing Mayweather about \$20 million-plus in prize money.<sup>lxvi</sup>

On free TV and subscription cable outlets, boxing continues to maintain a foothold. ESPN2 offered *Fight Nights* – at least 14 bouts on six evenings in late March and April, plus more during the year. Fox Sports Net and TeleFutura also carried bouts in 2008. Showtime had three title fights scheduled in April and May<sup>lxvi</sup>, and HBO – which began broadcasting boxing in 1973 with Foreman, Frazier, Jimmy Ellis and Earnie Shavers among others – aired *HBO After Dark* and *HBO World Championship Boxing* in addition to its pay-per-view events.<sup>lxvi</sup>

But an outside entity may be siphoning off some PPV viewers as well as money from the boxers. YouTube, the popular and free website has offered fights in their entirety a short time after they were sold as PPV events. Case in point: a March 2008 bout between Manny Pacquiao and Juan Manuel Marquez sold by HBO PPV for \$49,95. With the Las Vegas fight sold out in person, an overflow crowd of more than 11,000

fans squeezed into the Mandalay Bay Events Center and paid \$50 to watch on a big screen. The morning after the fight, more than 14,000 people tapped into YouTube and watched Pacquiao earn a split decision. If all 14,000 had paid the PPV charge, the boxers, promoters, trainers and HBO would have collected another \$700,000.<sup>lxvi</sup>

### **The Mixed Martial Arts Monster Rolls On, Grabs CBS Deal**

On the TV frontline between the top two fighting sports, MMA caught boxing on its pay-per-view buys in 2006, surrendered the mantle back to boxing in 2007 but managed to land some primetime network exposure in 2008. CBS has planned four two-hour airings of *Elite XC* on Saturday nights through March of 2009. The network used a 9-11 p.m. slot to broadcast fights in MMA's Elite Extreme Combat organization. One headliner was a May 31 main event between champion Robbie Lawler and Scott Smith in Newark, N.J. Each night of *Elite XC* would feature five fives along with "back stories and vignettes" to explore the fighters' lifestyles, according to Elite XC president Gary Shaw.<sup>lxvi</sup>

Due to the sketchy history of mixed martial arts, some media members criticized CBS for this decision. CBS honcho Kelly Kahl, who was central in the choice to bring MMA to the network was referred to by the Washington Post as "the see-no-evil senior executive vice president." But according to Kahl, the move was made to bump ratings and capture advertising dollars in the coveted male 18-34 demographic. Saturday also is traditionally the slowest night of the week for television ratings.<sup>lxvi</sup>

MMA has made massive strides to clean up its reputation as a frontier sport. Its modern history dates to mixed-style bouts in Japan, Europe and the Pacific Rim during the early 1900s and "Anything Goes" tournaments in Brazil that began in the 1920s.<sup>lxvi</sup> The no-holds-barred approach was inspired to determine the true king of street combat: boxers, wrestlers, or something in between.<sup>lxvi</sup> In 1993, the Ultimate Fighting Championship was born in the United States. It pit the two fighters in an eight-sided ring and the rules were sparse: no eye gouging, no biting.<sup>lxvi</sup> The UFC caught notice when Brazilian Jiu-Jitsu fighter Royce Gracie dominated the American field. Today, UFC is considered the largest MMA promotional organization in the world, headquartering in Las Vegas and run by Zuffa, LLC. In Japan, MMA continued to flourish as well and the PRIDE Fighting Championships were created there in 1997 to capitalize on the interest.<sup>lxvi</sup>

After several politicians and outside observers complained about the sport's brutality and threatened to halt the events, MMA leaders imposed extra rules in the late 1990s to better protect the athletes. But they retained enough of the old edge to keep the largely young, male audience interested.<sup>lxvi</sup>

In May 2007, the two largest MMA companies announced a buyout as the UFC purchased PRIDE. They revealed they would act as separate entities beneath one business umbrella. They planed to hold one or possibly two "supercards" each year, allowing fighters from the opposing organizations to square off.<sup>lxvi</sup>

Plugging into the underground feel of the pay-per-view market, the UFC exploded as a TV power as its consecutively numbered championships pulled in bigger and bigger buy numbers. Table VII:2 illustrates the growth of UFC events through its PPV popularity.

**TABLE VII:2: PAY-PER-VIEW NUMBERS FOR UFC'S SUPERCARDS**

<b>Event</b>	<b>Date</b>	<b>PPV Buys</b>
<i>UFC 40</i>	Nov. 22, 2002	140,000
<i>UFC 52</i>	April 16, 2005	280,000
<i>UFC 57</i>	March 4, 2006	410,000
<i>UFC 60</i>	May 27, 2006	620,000
<i>UFC 61</i>	July 8, 2006	775,000
<i>UFC 66</i>	Dec. 20, 2006	1,050,000
<i>UFC 71</i>	June 16, 2007	675,000
<i>UFC 74</i>	Aug. 25, 2007	485,000
<i>UFC 76</i>	Sept. 22, 2007	475,000
<i>UFC 79</i>	Dec. 29, 2007	600,000-675,000
<i>UFC 81</i>	Feb. 2, 2008	650,000

**Source: Wikipedia**

From Table VII:2, UFC's biggest nights seemed to peak in 2006 and the larger bouts in 2007 failed to capture the same PPV interest. But in 2008, the buy rates began to creep back up, meeting or exceeding the numbers earned by boxing title bouts.

Indeed, mixed martial arts events showed financial strength in other categories in 2007 and 2008. On free and cable television, the sport is maintaining a robust presence. Showtime offered *Cage Rage 25*, *Sho XC Live*, *Strikeforce/Elite XC Live*, and the *Sho XC Challenger Series* in March and April 2008. The *HDNet Fights* series on HDNet aired *The Art of War* and a premier of the Extreme Fighting League in March 2008. HDNet also carried a weekly Friday night program called *Inside MMA*. And on Spike TV, *UFC Fight Night Live*, *Ultimate Fighter 7* peppered the 2008 broadcast schedule through June.<sup>lxvi</sup>

In 2008, the UFC also announced to major exclusive sponsorships with Harley-Davidson and Anheuser-Busch as Bud Light became the official beer sponsor of the league. And around the globe, UFC programming is now broadcast in 36 countries.<sup>lxvi</sup>

<sup>lxvi</sup> Washington Post, March, 18, 2008

<sup>lxvi</sup> ESPN.com, Dec. 17, 2008

<sup>lxvi</sup> ESPN.com, March 21, 2008

<sup>lxvi</sup> Television Sports Rights, 2007

<sup>lxvi</sup> MMA Weekly, May 10, 2007

<sup>lxvi</sup> ESPN.com, Dec. 17, 2007

<sup>lxvi</sup> MMA Weekly, May 20, 2007

<sup>lxvi</sup> ESPN.com, Dec. 17, 2007

<sup>lxvi</sup> ESPN.com, Dec. 17, 2007  
<sup>lxvi</sup> ESPN.com, Jan. 24, 2008  
<sup>lxvi</sup> ESPN.com, March, 21, 2008  
<sup>lxvi</sup> BoxingScene.com  
<sup>lxvi</sup> HBO.com  
<sup>lxvi</sup> BoxingScene.com, March 18, 2008  
<sup>lxvi</sup> LA Times, March 20, 2008  
<sup>lxvi</sup> Washington Post, March 18, 2008  
<sup>lxvi</sup> Wikipedia  
<sup>lxvi</sup> loversglove.us/ultimate\_fighting/103691/  
<sup>lxvi</sup> loversglove.us/ultimate\_fighting/103691/  
<sup>lxvi</sup> Wikipedia  
<sup>lxvi</sup> Wikipedia  
<sup>lxvi</sup> Touchgloves.com, May 29, 2007  
<sup>lxvi</sup> MMA Weekly  
<sup>lxvi</sup> Wikipedia

## CHAPTER NINE: NICHE SPORTS

As sports-television carriers continue to sprout up on cable and satellite, traditionally smaller sports are cultivating core audiences and games once on the distant fringe are working their way up the sports ladder. Tennis, cycling and bowling have found fresh life on cable. Poker and extreme sports are grabbing viewers across the dial, including on some broadcast networks.

### **Extreme Sports**

Speed, air and danger. That's the genetic code of extreme or action sports: skating boarding, BMX, MotoX in the warm weather and snowboarding, skiing and snowmobiling in the cold. As a television commodity, they have friends at the networks and at ESPN. And as an audience niche favorite, they are flourishing. The X Games and Winter X Games have become the biggest stages for these adrenaline-jammed pursuits.

The Winter X Games 12, held Jan. 24-27, 2008 in Aspen, Colo. and featuring more than 250 athletes from around the world, earned 15 hours of coverage on ESPN and ABC, the same amount the event garnered the previous year on those same networks. All 15 hours were broadcast in high definition. *XCENTER*, a daily highlight show for the Winter X Games, was aired on ESPN2.<sup>lxvi</sup> On the Internet, an ESPN website dedicated to the event – EXPN.com – also offered more than 40 hours

of live online programming and carried both web-exclusive and simulcast coverage from ESPN and ESPN2.<sup>lxvi</sup>

The ESPN broadcast schedule included two hours of primetime snowmobile and ski SuperPipe on Thursday Jan. 24, two primetime hours of snowmobile SnoCross snowboard SuperPipe on Friday, two primetime hours of snowboard SuperPipe, snowmobile SnoCross and snowboarding on Saturday, four hours of skier X and snowmobile freestyle on Sunday afternoon and, finally, two primetime hours of snowmobile freestyle and snowboard SuperPipe on Sunday. ABC, meanwhile, aired three hours of snowboarder X, snowboarding and snowmobile SnoCross on Saturday afternoon.<sup>lxvi</sup>

The four-day event continued to build its television audience in 2008, becoming ESPN's most-watched Winter X Games ever. Eight ESPN telecasts averaged 863,000 homes, up 17 percent from 2007. Demographic groups such as men and all people 18-24, 18-34, 18-49, and 25-54 also delivered the top numbers for a Winter X Games, all up double-digits across the board from the previous year. Of those eight telecasts, six were among the top ten most-viewed in Winter X history, including the final night and most-viewed Winter X telecast ever – Sunday night (1,117,000 HHs, based on a 1.2 rating). For ABC, the news was just as bright. Its Saturday afternoon slot secured a 1.3 household rating and 1,424,000 HHs, up 9 percent and 10 percent respectively from Winter X Games 11.<sup>lxvi</sup> For the week of Jan. 21-27, ABC's Winter X Games coverage was the ninth-highest-rated sports program, finishing just ahead of NCAA basketball on CBS and just behind an NBA game on ABC.<sup>lxvi</sup>

Buttermilk Mountain at Aspen/Snowmass will continue to host the Winter X Games through 2010. The 2008 gathering lured 72,500 people, down from 76,150 in 2007 when weather was more accommodating.<sup>lxvi</sup>

The summer version, X Games 13, was held Aug. 2-5, 2007 hosted by Los Angeles for the fifth consecutive years with events held at the Staples Center and the Home Depot Center. The four-day festival of vertical fun drew 14 hours of live programming on ESPN, ESPN2 and ABC, the same as the year before on those networks.<sup>lxvi</sup>

The coverage schedule was a mix of cable, network and Internet. On Thursday Aug. 2, ESPN showed two hours of primetime Skateboard Big Air, Moto X Best Trick, while ESPN2 aired *X Center* just after midnight. EXPN.com devoted two hours the Skateboard Street Selection Session. On Friday, ESPN delivered two primetime hours of BMX Big Air, Moto X Step Up and ESPN2 had two overnight hours called: *X Center: Live Skateboard Street Best Trick*. On EXPN.com, there was 90 afternoon minutes of skateboarding. On Saturday, ABC got into the mix with three afternoon hours of BMX Park, Men's Surfing, SuperMoto. ESPN was back with two primetime hours of Moto X Racing, Women's Surfing, Moto X Freestyle and ESPN2 followed that with two more hours of Moto X Freestyle Elimination, BMX Vert, Moto X Racing. The X Games final day pulled in three afternoon hours on ABC: Skateboard Vert, and Skateboard Street Men's Rally, while ESPN2 capped it off with one overnight hour of *X Center*.<sup>lxvi</sup>

Throughout the four days, off-site viewership reflected the evolving methods fans are using to tune into sports – TV, Internet and mobile media. EXPN.com recorded its highest overall traffic ever for an X Games with first time live webcasts as well as fan voting for competition. On ESPN, the telecasts became the most-watched X Games in history among total households and among men 12-17, 18-34, 18-49 and 25-54. ESPN's prime time telecasts were up 35 percent over the 2006 X Games among men 12-17. Overall, nearly 38 million people tuned into X Games 14, a 7-percent rise from 2006. The average household rating on ESPN was 1.0, a 19 percent jump from 2006.<sup>lxvi</sup>

To build the global strength of the X Games brand, the first five minutes of the opening night was aired live across 19 of ESPN's television networks, reaching a potential 267 million viewers in 145 countries.<sup>lxvi</sup>

## **Tennis**

The five-year-old Tennis Channel bills itself as “as the ultimate destination for everything tennis” but ESPN was the televised-tennis king in 2008, broadcasting from three of four grand slam events. ESPN owned the U.S. rights to the 2008 Australian Open and planned to carry rounds from the 2008 French Open and Wimbledon.<sup>lxvi</sup>

At the 2008 Australian Open, ESPN and ESPN2 were the main networks, broadcasting 120 hours of coverage from Melbourne. The Tennis Channel offered 100 hours of the tournament when the ESPN2 was not on the air. At the 2008 French Open, the two channels again shared the coverage. That agreement was hatched in January 2007 when the two entities agreed to share the U.S. cable rights for both the French and Australian opens through 2011. At the 2007 French Open, the Tennis Channel broadcast more than 100 hours of the clay court Grand Slam event while ESPN2 offered 55 hours.<sup>lxvi</sup>

ESPN also had a slice of Wimbledon in 2008. The all-sports channel and NBC each share the U.S. rights to the grass-court classic.<sup>lxvi</sup> In England, Wimbledon will continue to be shown on free television through 2014 as part of a five-year pact between the tournament and the BBC, signed in early 2008. The British Broadcasting Corp.'s latest Wimbledon deal, includes exclusive live rights for TV, radio and Internet, and extends the company's association with the tournament to 87 years. The new contract starts in 2010, after the current deal ends. Neither the All England Club nor the BBC disclosed the amount paid for the rights.<sup>lxvi</sup>

Meanwhile, Tennis Channel has made a strong grab for more of the grand slam action. In 2006, when the Tennis Channel bought the U.S. cable rights to the French Open, it marked the 24-hour tennis network's first foray into Grand Slam rights. The nine-year deal, which began in 2007, gave the Tennis Channel rights in all American media surrounding the event, including broadband, video-on-demand and archives of past matches. Later in 2006, the U.S. Tennis Association opted to make a

multi-million-dollar investment in the Tennis Channel. As part of the deal, the USTA – which runs the U.S. Open and other events – also bought some influence over the cable network’s future. According to the Associated Press, the agreement was reported to have involved less than \$10 million. As that pact was being signed, CBS and the USTA reworked their existing broadcast agreement for the U.S. Open. The new deal begins in 2009 and guarantees the USTA \$140 million to \$150 million over six years. On average, that annual rights fee is believed to be about 20 percent lower than the previous deal, which was worth slightly more than \$30 million per year.<sup>lxvi</sup> Parts of the 2008 The U.S. Open also will be carried by USA Network.<sup>lxvi</sup>

The Tennis Channel made another leap in 2007 when it announced that it would be carried by satellite provider DirecTV beginning that year under a multiyear distribution agreement. The deal nearly doubled the number of U.S. households that get The Tennis Channel to nearly 20 million.<sup>lxvi</sup> The Tennis Channel also is available on many cable systems.<sup>lxvi</sup>

## **Cycling**

Versus, owned by Comcast, has become the TV home to the top event in cycling, the Tour de France. In 2007, the cable channel provided more than 300 hours of airtime during the 23-day race. On average, Versus offered 17 hours of daily action, including a pre-race show, live coverage that stretched from morning to primetime. During critical mountain stages, the network boosted its daily broadcast time, starting at 6:30 a.m. on the east coast. For the seventh year in a row, Versus.com also served as the official tour website in the United States, providing video clips, features, analysis and live streaming of stage one in London.<sup>lxvi</sup>

When Lance Armstrong retired from the sport after his final victory in the 2005 Tour, television ratings were expected to decline. They did. Nielsen numbers for the 2006 race were down 58 percent from the previous year. Armstrong was a tough act to follow. And the sport became beset by even more doping allegations. Before acquiring NHL rights, the Tour was the highest-rated sports property on Versus (then OLN), averaging a 1.5 rating in 2005 and a 2.1 for Armstrong’s final stage.<sup>lxvi</sup> In 2006, the race earned an overall rating of .33.<sup>lxvi</sup>

But the audience picked up in 2007, according to Versus. The channel’s coverage of last year’s race reached 20.5 million households, more than any other year in the network’s history, including Armstrong’s finale. Total viewership and HH Impressions also saw growth: the network posted an 11-percent increase in its audience for live morning telecasts in 2007 as compared to 2006 (343,441 to 309,920) and average HH Impressions for 23 days were 257,323 – up 4 percent over 2006 (247,393). Versus, which extended its coverage during the important mountain stages, savored a payoff for that strategy. The average household audience on those days jumped 25 percent as compared to the previous year.<sup>lxvi</sup>

## **Poker**

Texas Hold ‘Em suddenly seemed “all in” on cable sports channels and a couple of broadcast networks during the past few years. On channels up and down the dial, eye-shaded card sharks grimaced around green-felt tables while poker super stars became semi-household names. That momentum may have tapered off a click in 2008, or perhaps the newness of the fad had just worn thin.

To be sure, poker still had a TV presence – a trend that really emerged during the 2005 NHL strike. Throughout 2008, NBC continued its weekly *Poker After Dark* series<sup>lxvi</sup>, although its ratings during the week of Jan. 21-27 – 0.7 – beat only three other sports shows, boxing on TeleFutura, soccer on Univision and an all-purpose sports show on Univision.<sup>lxvi</sup> NBC also aired the National Heads-Up Poker Championship in 2007, earning a Nielsen rating of 1.2,<sup>lxvi</sup> up a tenth of a point from 2006. And NBC planned to broadcast 12 hours of Heads-Up coverage in 2008, starting April 13 and spacing it over six consecutive Sundays.<sup>lxvi</sup>

On cable, Fox Sports Net continued to carry a pair of poker shows, *Poker Superstars Invitational Tournament* and the *MansionPoker.net Poker Dome Challenge*.<sup>lxvi</sup> ESPN also brought back its World Series of Poker broadcasts in 2008, carrying that on ESPN2 and ESPN Classic.<sup>lxvi</sup>

## **Bowling**

Saturday afternoons and bowling on ABC was a wintertime staple for several generations. Today, ESPN is the primary place to tune into the PBA Tour. In fact, ESPN has helped generate a financial and broadcast comeback in pro bowling.

The 2007-08 PBA season, the finals for 21 tournaments from September to March, were aired by ESPN on Sunday afternoons, and 19 dates of those dates were covered live.<sup>lxvi</sup> Since 2000, the PBA has exclusively been televised on ESPN.<sup>lxvi</sup>

But stretching back to the 1950s, the pin-scattering game was carried by ABC – a partnership that lasted for 36 years. By 1979, however, all but one of Professional Bowlers Association’s 34 tournaments was televised. When cable sports exploded in the 1980s and 1990s, bowling battled new sports rivals, including women’s basketball and arena football. ABC cut its PBA Tour ties in 1997, although CBS agreed to broadcast nine tournaments for a few years.<sup>lxvi</sup>

The sport’s TV downturn ended in 2000 when former Microsoft executives Chris Peters, Mike Slade and Rob Glaser bought the entire league for \$5 million. They immediately increased the prize fund and signed a TV deal with ESPN that still pulls in an average of 750,000 households per show. They also pulled in more than a dozen sponsors like Lumber Liquidator\$ and today 40 PBA bowlers are sponsored by companies such as



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GoRVing and H&R Block. Some top bowlers also receive stock options from the league, a first in U.S. pro sports.<sup>lxvi</sup>

Business is so good, CBS is back in the game in 2008. For the first time since 1999, network television will air a championship event, when CBS broadcasts *Bowling's Clash of Champions* in May.<sup>lxvi</sup> The Clash, which will be taped at the Kansas City Municipal Auditorium on May 8 and aired by CBS on May 10-11, will bring together 16 champions of USBC events and the U.S. Open ranging in age from teenagers to seniors competing for \$100,000 in prize money.<sup>lxvi</sup>

The PBA – working with the U.S. Bowling Congress – also brought back women’s pro bowling in 2007: the *PBA Women's Series*. This followed ESPN’s coverage of the Women’s U.S. Open and it marked the first time that women’s bowling had been back on TV since the Professional Women’s Bowling Association folded in 2003. Four title matches were aired on ESPN in late 2007 from the Motor City Classic, the Etonic Championship, the Lake County Indiana Classic and the Great Lakes Classic. In 2008, the *Women's Series* will be brought back with hopes for an expanded schedule.<sup>lxvi</sup>

### **Horseracing**

The Triple Crown races, all carried by one network (ABC or NBC) until 2006, remain divided by the channels in 2008. The Kentucky Derby and the Preakness remained on NBC in 2008 as part of a broadcast rights extension signed between the network and the two races that expires in 2010.<sup>lxvi</sup> ESPN and ABC, meanwhile, will offer live coverage of the 2008 Belmont Stakes.<sup>lxvi</sup> The split arrangement for the three races has not been kind to their TV ratings.

Nielsen numbers for eight of the past nine Triple Crown events have decreased when compared with the previous year.<sup>lxvi</sup> Only the 2007 Kentucky Derby bucked that trend, posting an 8.3 rating. That was a 12 percent increase from the 2006 race and the best audience figures since 1992. But ratings for the 2007 Belmont Stakes were down 18.4 percent from the 2006 race<sup>lxvi</sup> while the 2007 Preakness ratings fell by 9 percent from the previous year.<sup>lxvi</sup> Would the three races be better off with a single network promoting the Triple Crown? Table IX:1 – a scan of recent TV ratings for the Triple Crown races – indicates the single-network approach built bigger TV audiences in 2005, the last time thoroughbred horseracing’s most important three days were all on NBC. The Belmont, the final race in the series and the only on ABC, has been lost the most viewers since the races all were carried by NBC.

**TABLE IX:1: TV RATINGS FOR THE TRIPLE CROWN, 2005-2007**

<b>EVENT</b>	<b>2005 RATING - Network</b>	<b>2006 RATING - Network</b>	<b>2007 RATING - Network</b>
Kentucky Derby	7.3 - NBC	7.0 -NBC	8.3 – NBC
Preakness	5.1 - NBC	5.4 - NBC	4.9 – NBC

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Belmont	4.5 - NBC	3.3 - ABC	3.1 – ABC
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**Source: Sports Business Daily, NBC Sports, TheHorse.com, Thoroughbred Times**

The Belmont's network switch came in 2004 when the New York Racing Association announced it was planning to move the Belmont from NBC to ABC where it would be aired in 2006 and 2007.<sup>lxvi</sup> NYRA officials were unhappy about getting half as much money as Churchill Downs, home of the Derby, despite the Belmont's record ratings the three previous years. Churchill Downs received 50 percent of the overall TV rights package while Belmont Park and Pimlico, home of the Preakness, shared the other 50 percent.<sup>lxvi</sup> In 2005, the Derby and the Preakness announced an extension of their TV rights deals with NBC, pushing the new contract five years to 2010.<sup>lxvi</sup>

### **Outdoor Sports**

Three channels dominate fishing and field sports coverage. The argument is: Which channel tops this elite cluster?

Versus, once known as the Outdoor Life Network before rebranding, slotted 22 fishing shows and 30 hunting shows into its 2007-08 TV season.<sup>lxvi</sup> Along with its NHL and pro bull-riding coverage, Versus added a slew of new series including, *The Bucks of Tecomate* featuring Jeff Foxworthy and David Morris. In fact, Versus, which dubbed itself the "Official Network of Whitetail," launched in September 2007 an online channel dedicated to whitetail deer programming. The online channel, available at the Versus website, contained tips, tactics, destinations, hot topics and streaming video.<sup>lxvi</sup>

In addition, Versus calls itself the first-ever distributor of high-definition field sports programming. The network has bumped up its investment in high-def field sports content with shows in primetime and high-def hunting and fishing programs seven days a week. Moreover, the network's VOD platform, Versus on Demand, has more than 15 million subscribers on 17 carriers, including its new whitetail programming. The content in the field sports category of Versus on Demand represents 40 percent of the total content available on VOD and accounts for 60 percent of the network's total user views.<sup>lxvi</sup>

"Field sports is the bedrock of our network and Versus is on a mission to be the number one field sports television brand," said Gavin Harvey, president of Versus. "With the addition of new series featuring the most trusted authorities in the field, the unprecedented online whitetail channel, Versus HD and video on demand, we are the ultimate television destination for hunters and anglers."<sup>lxvi</sup>

Another leading competitor in outdoor sports broadcasting is ESPN, which has been carrying fishing and hunting programming for 25 years.<sup>lxvi</sup> The network's hunting

shows kick off again in July 2008, featuring the return of *Driven to Hunt*, a 30-minute weekly program that follows NASCAR's top drivers, owners and crew chiefs into the field for adventures. There's also the high-rated *Realtree Outdoors*, one of the longest running outdoors programs on cable television, which is packed with product information and hunting tips from the Realtree pros. Also on the schedule is *Territories in the Wild*, formerly known as *Advantage Adventures*, which follows expert bow-hunter Tom Miranda as he goes toe-to-toe with some of the world's most dangerous animals.<sup>lxvi</sup>

But ESPN's real outdoor strength is its fishing coverage. Each year, ESPN Outdoors stages more than 30 marquee events including the Bassmaster Classic.<sup>lxvi</sup> In fact, the all-sports channel and the sport of bass fishing are now, essentially, partners. In 2001, ESPN purchased BASS, a fishing membership organization of more than half a million people. The organization also produces *Bassmaster Magazine*, the bible of today's bass fisherman. BASS, born in Montgomery, Ala., was founded by Ray Scott with simple goals in mind: to create a credible and honorable tournament trail. That goal was met. Today, BASS produces *The Bassmasters* weekly television program which airs on ESPN2, the Bassmaster Tournament Trail and the Bassmaster Classic, recognized as fishing's world championship. In 2005, *BassCenter* debuted on ESPN2, becoming the first program to borrow the "Center" name and the *SportsCenter* theme music.<sup>lxvi</sup>

ESPN unveiled its latest fishing-programming schedule in January 2008. Running through June, the Saturday and Sunday morning shows include: *Beat Charlie Moore*, *A Day on the Lake*, *World's Greatest Fishing Show*, and *Bassmaster Tournament Trail*.<sup>lxvi</sup>

But among the Big Three, only the Outdoor Channel is fully devoted to hunting, fishing and "adventure" sports that take place in the fresh air. Available on satellite servers or cable providers like Comcast (where it sometimes is tiered with Fox Soccer Channel and Speed Channel), the Outdoor Channel contains 60 hunting programs including *American Gun Dog* and *The Wingshooter* and 27 fishing shows, including *Bass Champs* and *Familiar Waters*. It also airs eight programs in its ATV and off-roading segment, including *Motor Mania* and six shows in its "adventure" category including the *Dock Dogs National Championship* and *Gold Fever*.<sup>lxvi</sup>

## **Figure Skating**

Once a darling of TV sports, boasting a demographic that seemed to include almost every female in America, figure skating has crashed – like an athlete attempting a triple Lutz. A decade of lackluster ratings caused ABC in 2007 to back away from its 43-year, \$12 million-per-season relationship with the U.S. Figure Skating Association.<sup>lxvi</sup> In April 2007, NBC Sports announced a three-year broadcast agreement – no rights fees, just revenue sharing – with U.S. Figure Skating that put the national championships on its primetime schedule in January 2008. The deal,

running through the 2010 Winter Olympics in Vancouver, gave the governing body the revenue from its key sponsor, State Farm, before sharing the remainder with NBC Sports. NBC also got broadband and high-definition rights. Under the terms of the pact, NBC gets 10 hours of programming a year, including seven hours of live coverage from the U.S. Figure Skating Championships January 26-27, 2008.<sup>lxvi</sup>

As part of another deal with the International Skating Union, ESPN and ESPN2 carried various men's and women's programs from the 2008 World Championships, which took place March 17-23, 2008 in Sweden.<sup>lxvi</sup> But there was trouble on that rights front as well. In addition to ESPN's delayed coverage due to time zone differences, the event was available to be seen live in the United States via the Internet, through a Turkish TV channel. That compromised ESPN's exclusive rights. That type of Internet bleed-through has happened in the past in figure skating, leading ESPN to threaten to rip up its four-year contract with the ISU in 2005 when the Moscow world championships were streamed live in America.<sup>lxvi</sup>

The ISU has beefed up its policing of the Internet although, obviously, its system still has holes. ESPN previously paid the ISU \$5 million per year for the rights to broadcast all ISU figure skating and speed skating events – including the world championships and Grand Prix series – but it has not renewed that contract. In fact, according to the Chicago Tribune, NBC has agreed to air the 2009 worlds in Los Angeles. However, the deal is for one year only and doesn't include Grand Prix skating events on TV. NBC grabbed the world championships in 2009 as a way to build momentum for its coverage of skating at the 2010 Olympics. Still, no U.S. networks are expected to pay the ISU annual rights fee approaching \$5 million – which is 75 percent less than what ABC once paid for that same rights deal.<sup>lxvi</sup>

## **Lacrosse**

The National Lacrosse League – a men's professional league that plays from December to May – lost its national *Game of the Week* on Versus when a labor dispute temporarily threatened the 2007 season. Even before the work stoppage was settled later in the fall of 2007, the NLL announced that there would be no more Saturday night games broadcast on Versus.<sup>lxvi</sup>

What remained in 2008 was a regional and local broadcast schedule for most teams. Some Calgary Roughnecks games were carried by Shaw TV. Some Colorado Mammoth games were aired by Altitude. At least one Minnesota Swarm game was offered on tape delay by KSTC Channel 45. Three Philadelphia Wings games were carried by Comcast SportsNet. Six Rochester Knighthawks home games were broadcast on Time Warner SportsNet. The first two San Jose Stealth home games will each air live on Fox Sports Net Bay Area. Six Toronto Rock games were aired by Rogers Sportsnet Ontario.<sup>lxvi</sup>

<sup>lxvi</sup> EXPN.com, Dec. 28, 2007

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<sup>lxvi</sup> USFigureSkating.org

<sup>lxvi</sup> Newsblogs.chicagotribune.com/sports\_globetrotting, March 21, 2008

<sup>lxvi</sup> Newsblogs.chicagotribune.com/sports\_globetrotting, March 21, 2008

<sup>lxvi</sup> Insidelacrosse.com, Oct. 11, 2007

<sup>lxvi</sup> NLL.com, Jan. 10, 2008

## **CHAPTER TEN: COLLEGE SPORTS**

The biggest games in college sports – the BCS National Championship, the bulk of the bowl games and most of the men’s NCAA basketball tournament – were TV ratings downers in late 2007 and early 2008. Those events are the financial lifeblood of the vast college athletics landscape, the nights when the networks expect vast audiences to watch – and pay dearly for the broadcast rights. Instead, some of the best Nielsen numbers for college contests came during the regular football and men’s basketball seasons. For now, the declining viewer numbers simply bear watching: several networks are in the midst of long-term TV deals with the Bowl Championship Series and the NCAA hoops tourney.

While important Nielsen numbers sagged, the big business of NCAA sports broadcasting rolled on. In February 2008, CBS Sports announced a sweeping reorganization of its college sports operations, blending the cable, broadcast and online activities of its own College Sports Television (CSTV) into its own well-known brand. In March 2008, CSTV was renamed the CBS College Sports Network.<sup>lxvi</sup>

Nine college football teams now generate at least \$45 million in annual revenue, including Georgia, Ohio State, Auburn and Notre Dame. Five years ago, no program could make that claim.<sup>lxvi</sup> Of course, Notre Dame football has its very own broadcasting deal with NBC. The network pays \$9 million a year to the university for exclusive national TV rights for all the team’s home games as part of a five-year contract that ends in 2010. One problem for NBC: when it doled out \$45 million for that contract, Notre Dame was winning consistently and had the cachet of a celebrity program. In 2007, the Fighting Irish finished 3-9. NBC’s television ratings on Notre Dame games plummeted

by 40 percent between 2006 and 2007. As a result, talks for the school's next TV deal will certainly be hurt without a major rebound. During the 2007 season, NBC even had to adjust its advertising pricing strategy for Irish games, ultimately giving away many free ads – also called “make-goods” – to sponsors like Allstate and Procter & Gamble to justify the \$55,000-to-\$80,000 rates for a 30-second spot the network negotiated before the 2007 season. Media buyers are expected to demand far cheaper ad rates for the 2008 season.<sup>lxvi</sup>

One step up from the college teams, power conferences are churning up millions of dollars in TV revenue from their individual network contracts. The current king of the hill may be the Southeastern Conference which distributes more than \$80 million a year to its 12 member schools as a result of its pact with CBS.<sup>lxvi</sup>

### **Fox Pays Big for College Football's Biggest Games**

Fox has entered the third season of its exclusive, four-year deal with the Bowl Championship Series, covering all media distribution and sponsorship rights for the Fiesta Bowl, the Orange Bowl and the Sugar Bowl through 2010, and the BCS National Championship Game from through 2009.<sup>lxvi</sup> Fox paid \$330 million in rights fees or \$82.5 million per year.

Once home to the four major bowls plus the national title game, ABC will get back in the limelight in January 2010 when Pasadena hosts the BCS Championship. ABC backed away from negotiations with the BCS in late 2006, ending talk of an extension between the network and the bowl series. ABC, reportedly unhappy with steadily slipping bowl ratings, had paid \$76.5 million over four years for the rights to BSC bowl games through the 2005 season.<sup>lxvi</sup> Still, ABC did renew a separate rights deal for the BCS-affiliated Rose Bowl for \$30 million per year through 2014.

ABC's concerns over TV ratings of the major bowls and the sliding value of the national title game were justified in 2008. The college football championship between LSU and Ohio State lost viewers when compared to the 2007 BCS finale between Florida and Ohio State game. The LSU victory on Fox earned a 14.4 rating, down 17 percent from 2007. In fact, it became the third-lowest Nielsen rating in 10 years of BCS championship games. Southern Cal and Oklahoma drew a 13.7 rating in 2005 and Miami-Nebraska pulled a 13.8 in 2002.<sup>lxvi</sup> Table X:1 breaks down TV ratings for the BCS Championship for the past seven seasons. After two years of healthier audience numbers, the 2008 game was clearly a Nielsen disappointment.

**TABLE X:1: TV RATINGS FOR BCS CHAMPIONSHIP GAME, 2002-2008**

YEAR – TITLE GAME	NETWORK	RATING
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2008 BCS National Championship Game	Fox	14.4
2007 BSC National Championship Game	Fox	17.3
2006 Rose Bowl	ABC	21.7
2005 Orange Bowl	ABC	13.7
2004 Sugar Bowl	ABC	14.8
2003 Fiesta Bowl	ABC	17.2
2002 Rose Bowl	ABC	11.4

**SOURCE: Sports Business Daily, SignOnSanDiego.com**

Across the entire 2007-08 bowl landscape, TV viewers were fewer when compared to those same games the previous year. Overall, the Nielsen numbers for all the bowls declined by 12 percent, posting an averaged 3.6 rating. That was the lowest in the 10-year history of the BCS.<sup>lxvi</sup> The biggest drop was at the title game itself. But the Sugar, Rose and Fiesta bowls all experienced stiff decreases too. Among the 15 bowls that rose in the ratings, the Capital One Bowl almost doubled its viewers on Jan. 1, 2008 when Michigan beat Florida in a thriller. Table X:2 lists the 2007-08 bowl games, their TV ratings and the change from the previous season.

**TABLE X:2: BOWL GAME COVERAGE AND RATINGS 2007-08**

<b>BOWL GAME</b>	<b>NETWORK</b>	<b>NIELSEN RATING (and change from 2006-07)</b>
BCS Championship	Fox	14.4 (down from 17.3)
GMAC	ESPN	1.0 (down from 1.3)
International	ESPN2	1.4 (up from 1.1)
Sugar	Fox	7.0 (down from 9.3)
Orange	Fox	7.4 (up from 7.0)
Fiesta	Fox	7.7 (down from 8.4)
Rose	ABC	11.1 (down from 13.9)
Capital One	ABC	9.1 (up from 5.5)
Gator	CBS	2.6 (down from 4.6)
Cotton	Fox	3.4 (down from 5.5)
Outback	ESPN	2.9 (down from 3.6)
Meineke Car Care	ESPN	3.7 (up from 3.2)
Chick-fil-A	ESPN	4.4 (up from 3.9)
Alamo	ESPN	2.7 (down from 4.9)



Music City	ESPN	3.4 (up from 1.8)
Champs Sports	ESPN	3.7 (up from 2.5)
Sun	CBS	2.3 (down from 2.4)
Liberty	ESPN	4.1 (up from 2.7)
Independence	ESPN	1.6 (down from 2.4)
Holiday	ESPN	3.7 (up from 3.4)
Insight	NLF Net	0.4 (down from 2.3)
Emerald	ESPN	3.1 (down from 3.7)
Motor City	ESPN	2.3 (up from 1.7)
Hawaii	ESPN	1.3 (down from 2.1)
PapaJohns.com	ESPN2	1.9 (up from 1.4)
New Mexico	ESPN	1.7 (up from 1.5)
Armed Forces	ESPN	1.9 (up from 1.7)
Poinsettia	ESPN	2.0 (up from 1.4)
Las Vegas	ESPN	2.1 (up from 1.6)
New Orleans	ESPN2	1.6 (n/a)
Humanitarian	ESPN2	0.8 (n/a)

**SOURCE: Sports Business Daily, Navy Sports.CSTV.com, Birmingham News, TVByTheNumbers.com, Memphis Commercial Appeal, FSCSports.com**

Under the current BSC structure, the bowls use a “double hosting” format. There are five annual BSC games – the Orange, Fiesta, Sugar and Rose bowls plus a BCS National Championship Game that rotates among those four major bowl sites. Under that plan, one of the bowls hosts the BSC title game one week after staging its traditional bowl game.<sup>lxvi</sup>

To pick the number of conferences whose champions automatically qualify for a BCS game in 2009 and 2010, qualification standards are applied to all 11 Division I-A conferences. Each conference is evaluated on each of the previous four seasons (2005, 2006, 2007, 2008) based on membership during the 2008 season. The champions of no fewer than five conferences and no more than seven conferences will have automatic bids in the BCS bowl games played after the 2008 and 2009 regular seasons.<sup>lxvi</sup> Conferences whose champions earned a BCS berth received an estimated \$17 million after the 2006 regular season. That will rise to about \$18.5 million for the BCS bowl games played after the 2009 regular season. Any conference that places a second team in one of the BCS bowls will continue to receive a payment of \$4.5 million for that second team.<sup>lxvi</sup> Table X:3 shows the future BCS National Championship locations through 2010. Note that ABC, through its contract to air the Rose Bowl, will gain those honors in 2010.

**TABLE X:3: BSC NATIONAL CHAMPIONSHIP GAME SCHEDULE, 2008-2010**

DATE	NETWORK	LOCATION
Jan. 8, 2009	Fox	Miami
Jan. 8, 2010	ABC	Pasadena
2011	TBA	Glendale, Ariz.

**SOURCE: College Bowl News, Wikipedia**

### **College Football Conferences Still Hold Vast Power**

The broadcast networks hold their own TV rights contracts for conference games. ESPN and ABC hold a broadcasting deal with the Atlantic Coast Conference, valued at more than \$250 million, that runs through 2010.<sup>lxvi</sup> The Big 12 Conference announced in 2007 a new eight-year, sponsorship agreement with ABC and ESPN. The contract will begin with the 2008-09 academic year and run through 2015-16. Big 12 football will receive up to 19 telecasts per season on ABC, including the conference title game.<sup>lxvi</sup> The Southeastern Conference, which has its championship aired by CBS, is nearing the end of that rights agreement. That deal, along with a separate rights pact with ESPN, expires in 2009. According to industry experts, the SEC is closely watching to see if conference-owned properties such as the Big Ten Network gain momentum. If so, either the Pac-10 or the SEC is expected to follow that same route.<sup>lxvi</sup>

The conference championships continued to be strong weekend ratings providers in 2007. For example, the Big 12 title game scored a 6.6 rating, the SEC championship earned a 5.9 and the ACC finale pulled at 4.1.<sup>lxvi</sup> Those numbers put the three title games just a notch below the four major bowls in terms of TV audience size.

The SEC also posted beefy Nielsen numbers during its regular season. CBS notched a national average rating of 3.5 for the 2007 season, a 13 percent increase from 2006 and the best regular college season for CBS since 1999. In fact, CBS was the only network to show a ratings gain for coverage of college football in 2007. The \$85 million in TV revenue generated by the SEC – and distributed annually to its member schools – is the most among college football conferences. Currently, the SEC is the only conference guaranteed a national game of the week on free network TV through its contract with CBS.<sup>lxvi</sup>

TV money from football is a potent engine for overall school budgets. And, with the exception of Notre Dame, those broadcasting contracts are hatched at the conference level. Consider the Big 12: its universities will, overall, see a \$16 million boost in television revenue from deals with ABC/ESPN and Fox Sports Net, with some member schools grabbing as much as \$10 million in 2008, based on their TV appearances and scheduling.<sup>lxvi</sup> Table X:4 ranks the top 20 colleges according to the overall value of their

football programs and annual profits they turn. The numbers were calculated by Forbes magazine in December 2006.

**TABLE X:4: TOP 10 COLLEGES, RANKED BY VALUES AND PROFITS**

<b>School</b>	<b>Value</b>	<b>Profit (in millions)</b>
1. Notre Dame	\$101	\$45.8
2. Texas	\$92	\$46.2
3. Georgia	\$90	\$43.5
4. Michigan	\$85	\$36.2
5. Florida	\$84	\$38.2
6. LSU	\$76	\$31.7
7. Tennessee	\$74	\$17.3
8. Auburn	\$73	\$33.9
9. Alabama	\$72	\$31.8
10. Ohio State	\$71	\$26.6

**Source: Forbes magazine**

### **Big Dance Brings the Bucks**

CBS paid the NCAA \$529 million in rights fees – for television and Internet streaming of the 2008 men’s basketball tournament – as part of the network’s \$6 billion, 11-year deal that expires after the 2014 season. By comparison, the 2007 tourney brought in TV ad revenue of \$519 million from CBS, 2006 pulled in \$500 million and 2005 scored \$475 million in the category.<sup>lxvi</sup>

On the Web, March Madness On-Demand from CBSSports.com lured more than 3.3 million unique visitors in the first four days of the tournament, marking an increase of 129% over 2007. The increase was fueled by CBS’ decision to drop registration requirements. Also helping was the network’s distribution of links to more than 200 others sites across the Internet, including Facebook, ESPN and Yahoo.<sup>lxvi</sup>

Through the first 22 telecasts – from the opening round to the “elite eight” games, the NCAA men’s basketball tournament on CBS was averaging a Nielsen rating of 5.2. That was down 7 percent from the same span in 2007, which drew a 5.6 rating. The 2008 viewer numbers were the worst at that point since 2003, when the games pulled a 5.0. The ratings also marked the third consecutive audience decline for the Big Dance. A flurry of one-sided games likely contributed to the weak figures.<sup>lxvi</sup> Table X:5 compares TV ratings for the 2008 tournament until the Final Four games with the same stretches of play the previous two seasons.

**TABLE X:4: RATINGS FOR NCAA TOURNAMENT GAMES ON CBS, 2006-08**

<b>GAMES</b>	<b>2008 RATING</b>	<b>2007 RATING</b>	<b>2006 RATING</b>

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<b>Average ratings after eight days</b>	5.2	5.6	5.9
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**SOURCE: Sports Business Daily, TVWeek.com**

During the 2007-08 regular season, network broadcasts on CBS and ABC also dipped for men's basketball but ESPN attracted its most-watched college hoops game in 15 years when No. 1 Memphis lost to No. 2 Tennessee in late February. The game landed a cable rating of 3.8. Just two weeks later, a match-up between North Carolina and Duke earned a 4.0. In total, 5.6 million people tuned in: the most viewers for a regular-season college game in over a decade. For the entire season, ESPN's basketball broadcasts were up 11 percent from past year.<sup>lxvi</sup>

### **ESPN: The Home for Women's Hoops Until 2013**

The NCAA and ESPN are still in the early phase of an 11-year pact that gave television rights to the all-sports network for 21 college conference championships, including the Division I Women's Basketball Championship.<sup>lxvi</sup> With that pact, the NCAA was able to enhance the audience for the women's basketball tournament. For starters, the Women's Final Four semifinals and title game were switched from Friday-Sunday to Sunday-Tuesday starting in 2003. Next, ESPN enlarged its coverage of the tournament to include all 63 games. Under a previous TV deal, ESPN was required to broadcast a minimum of 23 games in the tournament.<sup>lxvi</sup>

The NCAA deal also included some collaboration between ESPN and CBS. As part of that, the men's College World Series game No. 3 and the final game (both on Saturdays) moved from CBS to ESPN. In another piece of that collaboration, ESPN broadcasts the opening play-in game of the men's basketball tournament.<sup>lxvi</sup> The full rights deal allows ESPN to broadcast a wide array of college championships: the women's College World Series, the Division II Women's Basketball Championship, Divisions I-AA, II and III football, men's gymnastics, men's ice hockey, men's and women's indoor track and field, Division I men's lacrosse, Division I men's soccer, Division I women's soccer, Division I men's swimming and diving, Division I women's swimming and diving, Division I men's tennis, Division I women's tennis, men's and women's volleyball and Division I wrestling.<sup>lxvi</sup>

<sup>lxvi</sup> [umassathletics.cstv.com](http://umassathletics.cstv.com), Feb. 12, 2008

<sup>lxvi</sup> [Moondogsports.com](http://Moondogsports.com), Nov. 21, 2007

<sup>lxvi</sup> *Business Week*, Dec. 20, 2007

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- <sup>lxvi</sup> NCAA, July 5, 2001

## **CHAPTER ELEVEN: OLYMPICS**

With a vast broadcasting assault planned for Beijing, NBC will become further enmeshed with the Olympic brand. The network, which also owns the exclusive U.S. media rights to the Vancouver Winter Games in 2010 and the London Summer Games in 2012, will air its 11<sup>th</sup> Olympiad in China – a record among the American networks.<sup>lxvi</sup>

From Aug. 8-24, NBC will carry more than 3,600 hours of coverage on multiple TV networks and the Internet. In addition to blanketing its own airwaves, NBC will spread its telecasts across USA, MSNBC, CNBC and Telemundo. In primetime, NBC will feature swimming, gymnastics and beach volleyball games live, even though there is a 12-hour time difference between the U.S. east coast and Beijing. The network's massive undertaking will make TV history: those 3,600 broadcast hours exceed the combined total of every previous Summer Games televised in the United States. In comparison, NBC offered 1,210 hours of coverage from Athens in 2004.<sup>lxvi</sup> And in the infancy of sports television – at the Rome Games in 1960 – CBS aired 20 total hours.<sup>lxvi</sup>

Most of the overall broadcast time – about 2,200 hours – will occur online as NBC offers U.S. viewers the first live streaming of broadband video from any Olympics.<sup>lxvi</sup>

Over the course of the Games, the network's various broadcast arms will average a staggering 212 hours per day, or eight days per day.<sup>lxvi</sup>

NBC is merely getting its money's worth. For the rights to the 2008 Summer Games, NBC paid nearly \$900 million.<sup>lxvi</sup> To carry the Athens Games four years earlier, NBC's bill was \$793 million. Crunching the numbers, NBC will pay \$248,000 per broadcast hour in China. In Greece, that telecast tab was \$655,000 per hour. Table XI:1 shows the rising cost of Olympic rights fees since 1976. Table XI:2 breaks down the falling costs of per-hour air time.

**TABLE XI:1: OLYMPIC TV RIGHTS FEES, 1976-2012**

YEAR	GAMES	LOCATION	NETWORK	RIGHTS FEES
1976	Winter	Innsbruck	ABC	\$10 million
1976	Summer	Montreal	ABC	\$25 million
1980	Winter	Lake Placid	ABC	\$15.5 million
1980	Summer	Moscow	NBC	\$87 million
1984	Winter	Sarajevo	ABC	\$91.5 million
1984	Summer	Los Angeles	ABC	\$225 million
1988	Winter	Calgary	ABC	\$309 million
1988	Summer	Seoul	NBC	\$300 million
1992	Winter	Albertville	CBS	\$243 million
1992	Summer	Barcelona	NBC	\$401 million
1994	Winter	Lillehammer	CBS	\$300 million
1996	Summer	Atlanta	NBC	\$456 million
1998	Winter	Nagano	CBS	\$375 million
2000	Summer	Sydney	NBC	\$705 million
2002	Winter	Salt Lake City	NBC	\$545 million
2004	Summer	Athens	NBC	\$793 million
2006	Winter	Torino	NBC	\$613 million
2008	Summer	Beijing	NBC	\$894 million
2010	Winter	Vancouver	NBC	\$820 million
2012	Summer	London	NBC	\$1.18 billion

\* Planned prior to boycott

Sources: USA Today, 2003 ESPN.com, 2006, Deseret News, 2006

**TABLE XI:2: COST PER HOUR OF OLYMPIC COVERAGE, 1976-2008**

TELEVISION SPORTS  
RIGHTS, 2008

YEAR	GAMES	LOCATION	NETWORK	BROADCAST HOURS	COST PER HOUR
1976	Winter	Innsbruck	ABC	43.5	\$22,988
1976	Summer	Montreal	ABC	76.5	\$326,797
1980	Winter	Lake Placid	ABC	53.25	\$291,080
1980	Summer	Moscow	NBC	150*	\$580,000
1984	Winter	Sarajevo	ABC	63	\$1,452,381
1984	Summer	Los Angeles	ABC	180	\$1,250,000
1988	Winter	Calgary	ABC	94.5	\$3,269,841
1988	Summer	Seoul	NBC	179.5	\$1,671,309
1992	Winter	Albertville	CBS	116	\$2,094,828
1992	Summer	Barcelona	NBC	161	\$2,490,683
1994	Winter	Lillehammer	CBS	119.5	\$2,510,460
1996	Summer	Atlanta	NBC	171	\$2,666,667
1998	Winter	Nagano	CBS	123.83	\$3,028,345
2000	Summer	Sydney	NBC	441.5	\$1,596,829
2002	Winter	Salt Lake City	NBC	375.5	\$1,451,398
2004	Summer	Athens	NBC	1,210	\$655,372
2006	Winter	Torino	NBC	418	\$1,465,507
2008	Summer	Beijing	NBC	3,600	\$248,333

**Source: Television Sports Rights, 2008**

Examined in this fashion, what's clear is that the influx of Internet streaming and multiple network platforms has turned network rights fees into a far better bargain. ABC paid a record \$3.2 million per hour to broadcast the 1988 Winter Games in Calgary – a price inflated by the fact that a North American-based Olympics was expected to draw better audiences. But starting with the Sydney Summer Games in 2000, when NBC shifted some of its coverage to MSNBC and CNBC, the hourly price tag began tumbling below the \$2 million mark. And at \$248,000 per hour in China, NBC's airtime costs are even lower than those paid by ABC for the rights to the Montreal Summer Games and Lake Placid Winter Games in 1976.

**Advertising Dollars Roll In to NBC; Protests Grab Sponsors' Attention**

By the spring of 2008, NBC reported that it had sold 75 percent of its advertising inventory for the Beijing Games, an indication that the corporate hunger for an Olympic connection remains robust.<sup>lxvi</sup> The network expects more than \$1 billion in ad revenue with 30-second primetime spots selling for an average of \$750,000. That's a 15 percent increase in the primetime rates for the Athens Games.<sup>lxvi</sup>

Four months before the Summer Olympics opened in China, the Olympic torch was carried in Europe and in San Francisco, sparking sometimes-violent protests against China's human rights abuses in Tibet and Africa. Some protest organizers demanded a boycott of the sponsoring companies, including McDonald's, Coca-Cola, Kodak, General Electric and Visa.<sup>lxvi</sup>

Experts debated the potential damage to those brands from being connected to a politically tinged Olympics. Several brand-management and sponsorship experts predicted only minimal consequences for those businesses affiliated with the 2008 Summer Games.<sup>lxvi</sup> But Rance Crain, the editor of Advertising Age, called modern Olympic sponsorship a "high-stakes balancing act" due to the protests and Chinese-focused anger. Coke, Visa and the rest have offered only quiet commentary on the emotional rallies at the torch run, generally aiming to tamp down controversy.<sup>lxvi</sup>

"Staying low-profile is the opposite of what an Olympic sponsor typically wants to do," Cain said.<sup>lxvi</sup>

Major sponsors that have spent \$50 million or more to market their wares during the Summer Games have mainly opted to watch and wait. Coke, General Electric and Johnson & Johnson, for example, said they support the Olympic movement and planned no changes. But Anheuser-Busch, a 25-year sponsor, acknowledged some risk exists in its Olympic deal. Francine Katz, vice president of communications at that company, said that over time, many groups have used the Games "to raise awareness for their causes. We respect the rights of these organizations to voice their concerns and educate the world."<sup>lxvi</sup>

### **TV Money Fuels Feud between USOC and IOC**

Under a long-established deal with the International Olympic Committee, the United States Olympic Committee gets nearly 13 percent of American TV rights fees from each Summer and Winter Games plus 20 percent of global marketing revenues. That fat money stream has caused some IOC members to chafe and to call for a reduction of the U.S. share. The IOC and USOC have been negotiating for more than one year to devise a new revenue-sharing formula.<sup>lxvi</sup>

"We've said we will share more if we agree to grow the pie," said USOC president Peter Ueberroth. "If we hold the pie steady and shrink it, and you want to fight for little percentages here and there, that's not going to do anybody any good. We need to work together. There's a chance to double that pie."<sup>lxvi</sup>

Criticism of the USOC's healthy split raged into the open in March 2008 when IOC executive board member Denis Oswald, from Switzerland, sent a letter to all national Olympic bodies saying it was "no longer morally acceptable" for the Americans to receive such a large cut of IOC funds. In April, Oswald spoke publicly about the issue, saying the circumstances that led to the USOC deal 20 years ago had changed and that the international Olympic federations were unsatisfied with



the formula. Ueberroth countered that Oswald's letter was a veiled attempt to attack the Chicago's bid to host the 2016 Summer Olympics.<sup>lxvi</sup>

Of course, the IOC also rakes in big dollars from the U.S. TV market, earning 40 percent of its total budget from current broadcast deals with NBC.<sup>lxvi</sup> The IOC leans on television revenue to sustain the Olympic movement and always monitors the American media market.

### **Will TV Earn Chicago its Olympic Bid?**

NBC's contract with the IOC expires after the 2012 Summer Olympics in London and the next spate of American Olympic broadcast deals will be influenced by a potentially lucrative U.S.-hosted Olympics in 2016. Chicago was selected by the USOC as the American candidate. If the Windy City earns the rights to host the 2016 Games, the U.S. rights fees for an American-based Olympics – with many gold-medal events carried live in primetime – are expected to soar to record amounts. Since the IOC grabs a chunk of that change, it may boost Chicago's chances.

The international selection process was scheduled to heat up again in June 2008. That's when Chicago would learn whether it made the cut as a host-city a finalist. The IOC is expected to select three to five finalists. Other candidates are Tokyo, Rio de Janeiro, Rome, Madrid, and Prague. The full IOC will pick the host city on Oct. 2, 2009 at a meeting in Copenhagen, Denmark.<sup>lxvi</sup>

A few months before that final vote, the IOC will give finalists a special meeting to explain their bids as part of "fine-tuning" the selection process. Chicago Mayor Richard Daley said he welcomed one extra chance to sell his city as a potential host site. Olympic insiders believe Chicago has a solid shot at surviving the June 2008 cuts and becoming a finalist. In 2007, Ueberroth said he thought Chicago was then running third or fourth in the race for the 2016 Games. Since then, Daley and the city have worked to promote its Olympic bid. That included a successful staging of the world boxing championships.<sup>lxvi</sup>

<sup>lxvi</sup> Reuters.com, Feb. 6, 2008

<sup>lxvi</sup> Associated Press, Aug. 7, 2007

<sup>lxvi</sup> EverythingButTheGame.blogspot.com, Aug. 7, 2007

<sup>lxvi</sup> Associated Press, Aug. 7, 2007

<sup>lxvi</sup> EverythingButTheGame.blogspot.com, Aug. 7, 2007

<sup>lxvi</sup> Variety, April 12, 2008

<sup>lxvi</sup> Portfolio.com, April 11, 2008

<sup>lxvi</sup> USA Today, March, 19, 2008

<sup>lxvi</sup> Portfolio.com, April 11, 2008

<sup>lxvi</sup> Portfolio.com, April 11, 2008

<sup>lxvi</sup> USA Today, April 10, 2008

<sup>lxvi</sup> USA Today, April 10, 2008

<sup>lxvi</sup> USA Today, April 10, 2008

<sup>lxvi</sup> ESPN.com, April 16, 2008

<sup>lxvi</sup> ESPN.com, April 16, 2008

<sup>lxvi</sup> ESPN.com, April 16, 2008

<sup>lxvi</sup> National Public Radio, Feb. 24, 2006

<sup>lxvi</sup> Associated Press, May 16, 2007

<sup>lxvi</sup> Yahoo Sports, April 15, 2008

## **CHAPTER TWELVE: FUTURE OF SPORT**

Broadcast sports rights are still deeply rooted in the same mass media that first gained dominance 50 years ago: television. But as our collective consumer focus turns more to computer screens and mobile screens, sports rights are coming along, too.

New media is already shaping the latest broadcast deals in many major sports leagues: The NBA's current \$930 million-per-year rights package – a 20-percent increase over previous fees – contains a litany of digital and interactive elements. New media is offering fans a chance to devour even more hours of live athletic events – from any place they happen to be: NBC's coverage of the Beijing Summer Olympics will offer the first live streaming of broadband video in the United States. This trend is rewiring the basic definition of a TV network. And it is pumping up the revenue streams of several leagues that long ago tapped into this evolving gush of technology.

Traditional TV has not surrendered its dominance by any means but it is far from the only star on the scene anymore. And it's much getting easier to envision a day when old-school television loses some of its financial punch the way radio ultimately did. That's not to say the big boys of TV Land aren't currently keeping pace with the rapid changes. The over-air networks, cable giants, and the broadcast behemoths like News Corp. and Disney are delivering their own new media offerings. Indeed, it

merely may be the living room television – that famed piece of furniture – that eventually gets left in the dust of this techno upheaval.

### **NBA Peers into the Deep Future**

One league in particular is working hard not just to stay current with the revolution but far ahead of it. The NBA's latest broadcast contracts with ESPN/ABC and TNT include the rights to technologies that have yet to be invented. That is a smart safety net given that the deal won't expire until the 2015-2016 season. By then, it's anybody's guess how we'll be tuning into pro hoops games. The pacts also include extensive rights for three networks to carry NBA games on the Web and mobile phones. For games that appear on their networks, ESPN/ABC and TNT each will be able to offer online simulcasts and video on-demand of games shortly after they appeared on television.<sup>lxvi</sup>

The NBA's previous rights deals didn't include such extensive digital media rights. But NBA commissioner David Stern said traditional TV rights are still worth more than the digital variety. The contracts' dollar amounts do not delineate between the old media and new. One big reason: measuring the use of new media remains a challenge compared to the ease with which Nielsen ratings can gauge TV viewership. Still, the league and network execs believe that with digital media in place, their audience is potentially massive.<sup>lxvi</sup>

"You're going to see far more people enjoying this sport within the TNT brand and not just on a linear channel, but all the digital aspects," said David Levy, president of Turner Sports. "That's how we are looking at this, as the aggregation of eyeballs, people, viewers and consumers."<sup>lxvi</sup>

Under the heading of "NBA Digital," the league holds digital rights to more than 1,000 games per season. By the final year of its current broadcast deal, high-definition is expected to be the standard TV format. As a result, Stern foresees fans watching games while being able to access archival and biographical information – and enjoying self-directional options like changing the camera angles on the game.

"What we now see as futuristic will be commonplace by the time this contract is renewed after eight years," Stern said.

### **MLB closes financial gap with the NFL through New Media Opportunities**

Major League Baseball boasted a juicy revenue column at end of 2007: \$6 billion collected by the league. That put MLB just below the revenue stream posted by the NFL in 2006, a surprising feat given the NFL's huge television edge in ratings and dollars. To make up ground on the nation's top sports league, MLB pulled in about \$500 million in sales from revenue sources that didn't exist just 10 years ago. That included the league's website, MLB.com, satellite radio broadcasts and its out-of-market game package.<sup>lxvi</sup>

The league's new media arm, MLBAM, generated more than \$36 million when it debuted in 2001. By 2007, that annual amount had grown to \$450 million. MLB.com streams live video of more events than any other website in the world, more than 12,000 events in 2007. It also sold 27 million game tickets online in 2007 – 34 percent of all seats sold during the season. In addition, MLBAM has a deal with StubHub.com to give fans access to the burgeoning secondary-ticket market.<sup>lxvi</sup>

“(Our) people did want to get ahead of the curve,” said Bob DuPuy, the league’s president and chief operating officer. “Because of the nature of our game – the fact that we have 2,400 games, the fact that fans care about statistics, the fact that we could reach a new generation of fans – people really did envision that this could be a big deal. But I don’t think anyone anticipated in 2000 just how pervasive the Internet would be in just seven years.”<sup>lxvi</sup>

Individual teams are treading into the new realm as well. The Kansas City Royals, for example, offered their first webcast during the 2008 spring training season. Royals fans who want to listen to their team’s games on the Internet can purchase a subscription to Gameday Audio at royals.com. For a fee of \$14.95, fans can hear live coverage of all 162 regular-season games.<sup>lxvi</sup>

Due to its weekly game schedule, the NFL can’t match baseball’s furious online activity: a 162-game schedule basically can be converted into 30 different reality shows that stretch over six months. Meanwhile, network and cable TV are the only ways to watch NFL games at the moment.<sup>lxvi</sup>

With baseball revenues expected to catch football, NFL commissioner Roger Goodell was asked in February 2008 what he expects to be the never revenue driver for his league. In his answer, Goodell, of course, pointed to new media.<sup>lxvi</sup>

“I think with digital media becoming so prevalent and fans wanting to have it on so many different platforms, there is just a world of opportunities for us. In fact, I see us trying to take advantage of wireless opportunities,” Goodell said. “Fans are more on the go. They want to have this information at any time and in any place and we’d like to be there.”

### **ESPN: On TV and Everywhere Else**

The all sports, all the time channel – which carved its own TV style, flavor and lingo over the past few decades – has blossomed into so much more than a television network thanks to its forays into new media. Of course, as part of the Disney family, ESPN is connected with ABC. But by itself, the ESPN brand, its game coverage, news shows and other programming are now spread or streamed across 15 platforms: ESPN, ESPN HD, ESPN2, ESPN2 HD, ESPNNEWS, ESPN360.com, ESPN Mobile Publishing, ESPN Mobile TV – the first around-the-clock wireless channel – ESPNU and ESPN podcasts. It also operates 31 international channels.<sup>lxvi</sup>

Those newer channels and ESPN's digital media are steadily adding more households and users, said George Bodenheimer, the president of ESPN, Inc. and ABC Sports. ESPN's PodCenter – audio and video podcasts – was launched in April 2006 and has grown 1,000 percent in unique visitors.<sup>lxvi</sup>

“Sports fans are consuming content in more ways than ever,” Bodenheimer said. “The growth of our broadband service, ESPN360, in the U.S. has led us to roll out the concept with local executions outside the U.S. Our first effort was the recent launch of ESPN360 in Mexico and you should expect to see future launches around the world.”<sup>lxvi</sup>

The U.S. version of ESPN360.com was relaunched in the fall of 2007 as the network's home of live sports events online. Over the next 12 months, ESPN expected more than 2,000 events to be available as viewers were able to select from a menu of simulcasts and other sporting events not shown on ESPN's TV networks.<sup>lxvi</sup>

Asked in what areas he saw growth for his company in the next two to three years, Bodenheimer was succinct: “Internationally and digitally. It's as simple as that.”<sup>lxvi</sup>

<sup>lxvi</sup> Associated Press, June 27, 2007

<sup>lxvi</sup> Associated Press, June 27, 2007

<sup>lxvi</sup> Associated Press, June 27, 2007

<sup>lxvi</sup> CNNMoney.com, Oct. 25, 2007

<sup>lxvi</sup> FoxSports.com, Jan. 23, 2008

<sup>lxvi</sup> FoxSports.com, Jan. 23, 2008

<sup>lxvi</sup> MLB.com

<sup>lxvi</sup> FoxSports.com, Jan. 23, 2008

<sup>lxvi</sup> NFL.com, Feb. 1, 2008

<sup>lxvi</sup> ESPN.com

<sup>lxvi</sup> WorldScreen.com, October 2007

<sup>lxvi</sup> WorldScreen.com, October 2007

<sup>lxvi</sup> WorldScreen.com, October 2007

<sup>lxvi</sup> WorldScreen.com, October 2007

## **APPENDIX A:**

## **PROFILES OF NATIONAL NETWORKS CARRYING SPORTS**

### **ABC**

77 W. 66th St.  
NY, NY 10023  
(212) 456-7777

Web: [www.abc.com](http://www.abc.com)

Executive: George W. Bodenheimer, Co-Chairman, Disney Media Networks, President, ESPN, Inc. and ABC Sports, Chairman, ESPN Board of Directors  
Parent Company: The Walt Disney Co.

#### Programming:

The former home network for *Monday Night Football* in the NFL, the four major college bowls as well as the national title game, ABC gets back into the big show in January 2010 when Pasadena hosts the BCS Championship. ABC still owns a broadcast deal with the BCS-affiliated Rose Bowl for \$30 million per year through 2014. The network owns the rights to the Capital One Bowl and regular-season football in the ACC and Big 12 football. It also broadcasts Arena Football League games.

ABC extended its broadcasting deal with the NBA through the 2015-16 season, buying the rights to a minimum of 15 regular-season games. In addition ABC has “exclusivity” to all regular-reason, playoffs and NBA Finals broadcasts. The WNBA expanded its TV contract with ABC for eight additional years, through the 2016 season

In pro soccer, ABC will carry two MLS games as part of an eight-year, \$8 million-deal between ABC, ESPN and the MLS. ABC also holds a piece of the television rights for the World Cup games through 2014

In motor sports, ABC carries 11 NASCAR broadcasts in 2008, culminating in the Ford 400 on Nov. 16, the race that determines the NASCAR champion. ABC also offers seven IRL races in 2008, including the Indianapolis 500.

Additional properties include three LPGA rounds, the Belmont Stakes thoroughbred horse race. ABC continues as the network home to the X Games and the Winter X Games. The network opted to drop figure skating after the 2007 season, ending a 43-year run in that sport.

### **CBS**

51 West 52nd Street  
New York, NY 10019-6188  
(212) 975-4321

Web: [www.cbs.com](http://www.cbs.com)

Executives: Sean McManus, President, CBS Sports; Tony Petitti, Executive Producer, CBS Sports

Parent Company: Viacom, Inc.

Programming:

CBS broadcasts NFL games, holding rights for teams from the American Football Conference as well as the rights to the Super Bowl in 2007 and 2010.

In the college game, CBS airs regular season football games and has rights to the Southeastern Conference – a major TV deal that expires in 2009. CBS also carries the Sun Bowl and the Gator Bowl. On the basketball front, CBS continues to hold the rights to the NCAA men's basketball tournament; it has an 11-year deal with the NCAA that runs through 2014.

On the PGA Tour, CBS remains the primary network rights holder, broadcasting 21 tournaments in 2008. Its deal with PGA extends through 2012. On the LPGA in 2008, CBS will air five total rounds, including the final two of the Ginn Open and the final day of the Kraft Nabisco Championship.

Other CBS properties include mix martial arts – four two-hour airings of *Elite XC* on Saturday nights through March of 2009 – and tennis where the network and the United States Tennis Association have reworked their existing broadcast agreement for the U.S. Open. The new deal begins in 2009 and guarantees the USTA \$140 million to \$150 million over six years. In the sport of pro bowling, CBS will broadcast *Bowling's Clash of Champions* in May.

**ESPN**

ESPN Plaza  
Bristol, CT 06010  
(860) 766-2000

Web: [www.espn.com](http://www.espn.com)

Subscribers: More than 96 million

Executives: George W. Bodenheimer, Co-Chairman, Disney Media Networks/Pres., ESPN, Inc./ABC Sports

Parent Company: The Walt Disney Co., the Hearst Corp.

Programming:

More than 5,100 live and/or original hours of sports programming presented annually more than 65 sports including MLB, NBA, NFL's *Monday Night Football*, NASCAR, FIFA World Cup, WNBA, college football, men's and women's college

basketball, including every game of the women's basketball tournament, golf, Little League World Series, the X Games. ESPN Original Entertainment (EOE) creates branded programming outside of the network's traditional event and sports news genres. ESPN on Demand: timely news and sports events, exclusive content, library programs from a variety of disciplines including ESPN owned events, college sports, EOE.

Sports media assets include ESPN on ABC, six domestic cable television networks (ESPN, launched in 1979; ESPN2; ESPN Classic; ESPNEWS; ESPN Deportes; ESPN2 HD and ESPN2 HD (high-definition simulcast services of ESPN and ESPN2, respectively), ESPN Regional Television, ESPN International (31 international networks and syndication), ESPN Radio, ESPN.com, ESPN The Magazine, ESPN Enterprises, ESPN Zones (sports-themed restaurants), and other growing new businesses including ESPN360 (Broadband), Mobile ESPN (wireless), ESPN On Demand, ESPN Interactive and ESPN PPV.

## **ESPN2**

Subscribers: More than 96 million

Programming:

More than 4,800 live and/or original hours of sports programming annually featuring MLB, NBA, college football and basketball, golf, tennis, auto racing, extreme sports, outdoor sports and more.

Penetration: ESPN2 is now available in 96% of ESPN households.

More than 4,800 live and/or original hours of sports programming annually featuring NASCAR Busch Series, MLB, college football and basketball, golf, tennis, FIFA World Cup, MLS, and more. First Take, the network's two-hour morning show, combines sports with pop culture and lifestyle features. A simulcast of ESPN Radio's *Mike & Mike in the Morning* began July 2005.

## **Fox**

1211 Avenue of the Americas  
New York, NY 10036-8799  
(888) 369-4762

Web: [www.fox.com](http://www.fox.com)

Executives: David Hill, Chairman, Fox Sports Networks/Chairman/CEO, Fox Sports Television Group

Parent Company: News Corp., Ltd.

Programming:



Fox Sports broadcasts NFL games, holding rights for teams from the National Football Conference and owned the rights to the Super Bowl in 2008. Fox is in the third season of a four-year deal with the Bowl Championship Series to air the national championship game through 2009 and the Fiesta, Orange, Sugar and Cotton bowls through 2010.

Other Fox properties are: Major League Baseball, including the All-Star Game, alternating League Championship Series and World Series (2007-2013); and 14 NASCAR races in 2008, including the Daytona 500 (2007-2014).

### **The Golf Channel**

7580 Commerce Center Drive

Orlando, FL 32819

(407) 345-4653

Web: [www.thegolfchannel.com](http://www.thegolfchannel.com)

Availability: More than 90 million homes

Executives: Arnold Palmer, co-founder and Chairman; David Manougian, Chief Executive Officer

Parent Company: Comcast Corporation

#### **Programming:**

The schedule that includes more live golf coverage than any other network as well as news, instruction and original productions such as the *Big Break* series.

In addition to being the exclusive television home of the Nationwide Tour, European Tour and Canadian Tour, The Golf Channel is the exclusive cable home of the Champions Tour and televises other competition from the PGA Tour, LPGA Tour, USGA, PGA of America, PGA Tour of Australasia and Sunshine Tour of Southern Africa.

Original programming includes *Golf Central*, a nightly golf news show; the *Sprint Post Game*, a twice-weekly, post-tournament shows featuring news, statistics, interviews and analysis on the week's competition; *Academy Live*, a weekly call-in show offering viewers an opportunity to improve their game by consulting with top teaching professionals; *Playing Lessons From the Pros*, a series that provides instruction from tour players during their off-day practice rounds; *Golf Channel Academy*, a series of half-hour instructional programs; *What's in the Bag?*, a series focusing on golf equipment, accessories and the titans of the industry; and *Golf With Style!*, a series that showcases the lifestyle of golf around the world.

### **HBO Sports/HBO Pay Per View**

1100 Avenue of the Americas

New York, N.Y. 10036

(212) 512-1000

Web: [www.hbo.com](http://www.hbo.com)

Subscribers: 29 million

Executives: Sue Naegle, President; Kery Davis, Senior Vice President of HBO Sports

Parent Company: Time Warner

Programming:

HBO Sports and HBO Pay Per View are top distributors of professional boxing events, including Oscar De La Hoya versus Steve Forbes in May 2008.

**HDNet**

Dallas Office

320 S. Walton St.

Dallas, Texas 75226

(214) 672-1740

Denver Office

2400 N. Ulster St.

Denver, CO 80238

Web: [www.HD.net](http://www.HD.net)

Executives: Co-founders are Mark Cuban, owner of the Dallas Mavericks, and Philip Garvin of Colorado Studios.

Parent Company: HDNet Inc.

Programming:

HDNet is the first national television network broadcasting all of its programming in 1080i HD, the highest-quality format of high-definition television.

Its sports programming includes National Hockey League games, Major League Soccer games, NASCAR NEXTEL Cup Series, NASCAR Grand National Division auto racing, and *HDNet Boxing*.

**NBC**

30 Rockefeller Plaza

New York, NY 10112-0036

(212) 664-4444

Web: [www.nbc.com](http://www.nbc.com)

Executives: Dick Ebersol, Chairman, NBC Universal Sports; Ken Schanzer, President, NBC Sports

Parent Company: General Electric Co

Programming:

NBC continued its *Sunday Night Football* program in the 2007 season. That commitment is part of a \$3.6 billion deal with the NFL that runs through 2011. NBC owns the rights to the Super Bowl in 2009 and 2012 and the league's annual opening game on a Thursday night. The network enjoys a major perk in its Sunday night game: "flexible scheduling," which allows NBC to air the best match-up each week during the regular season's final seven weeks. In college football, NBC owns the rights to Notre Dame football games – a \$9 million-a-year deal that expires in 2010.

In pro hockey, NBC has the option of continuing to air NHL games during the 2008-09 or walk away after the 2007-08 season. As part of its current contract with the NHL, NBC airs nine regular-season games plus some playoff action and the Stanley Cup Finals.

NBC remains the television home to two legs of thoroughbred horseracing's Triple Crown – the Kentucky Derby and the Preakness Stakes.

At the PGA, NBC will carry 12 tour stops in 2008. The USGA and NBC Sports also have a long-term deal through 2014. As part of that, NBC carries the final two rounds of the U.S. Open, the U.S. Women's Open and the U.S. Senior Open Championship. In addition, NBC airs the closing two rounds of the U.S. Women's Open.

One of NBC's most valuable properties is its Olympic rights, which it holds exclusively in the United States through the 2012 Games in London. At the 2008 Summer Games in Beijing, NBC will carry more than 3,600 hours of coverage on multiple TV networks and the Internet – a broadcast record.

Other NBC properties include: the weekly *Poker After Dark* series and the National Heads-Up Poker Championship of which NBC planned to broadcast 12 hours of Heads-Up coverage in 2008; the Wimbledon tennis tournament in 2008; and U.S. Figure Skating events. NBC's revenue-sharing agreement with U.S. Figure Skating put the national championships on the primetime schedule in January 2008. The deal extends through the 2010 Winter Olympics in Vancouver.

### **The Outdoor Channel**

43445 Business Park Drive Suite 103  
Temecula, CA 92590  
(800) 770-5750

Web: [www.outdoorchannel.com](http://www.outdoorchannel.com)

Executives: Roger L. Werner, Chief Executive Officer and President; Thomas H. Massie,

Executive Vice President and Secretary

Parent company: Outdoor Channel Holdings, Inc.

Programming:

Founded by outdoorsmen for outdoorsmen, The Outdoor Channel features programming aimed at educating and entertaining sportsmen of all skill levels. The channel promotes the traditional outdoor activities – fishing , hunting and shooting.

Other original programs and live events center on motor sports, water sports and prospecting.

### **Showtime**

1633 Broadway

New York, NY 10019

(212) 708-1600

Web: [www.sho.com](http://www.sho.com)

Executives: Matthew C. Blank, Chairman and CEO; Robert Greenblatt, President of Entertainment

Parent Company: CBS Corporation

#### **Programming:**

The pay cable network Showtime continues to offer an array of boxing and mixed martial arts events – both on its primary subscription service and through its On Demand feed. In June, Showtime aired the WBC super welterweight championship between Vernon Forrest and Sergio Mora. Mixed martial arts matches are broadcast via Showtime's *EliteXC* and *ShoXC* telecasts.

### **Speed Channel**

9711 Southern Pine Blvd

Charlotte, North Carolina 28273

(704) 731-2222

Web: [www.speedtv.com](http://www.speedtv.com)

Availability: more than 78 million homes

Executive: Hunter Nickell, president

Parent Company: News Corp.

#### **Programming:**

Along with NASCAR, Speed airs racing from Formula One, the American LeMans Series, SPEED World Challenge, Grand American, and FIM/AMA Motorcycle Racing.

### **Spike TV**

1775 Broadway

New York, NY 10019

(212) 767-8705

Web: [www.spike.com](http://www.spike.com)

Subscribers: 91 million homes

Executives: Doug Herzog, MTV Networks Group President; Kevin Kay, President, Spike TV

Parent Company: Viacom International, Inc.

Programming:

Sixteen mixed martial artists in the lightweight division (155lbs) from around the world are featured in Season 5 of Spike TV's hit original series, *The Ultimate Fighter*. Former UFC Lightweight Champion Jens Pulver and former UFC Welterweight Champion B.J. Penn serve as coaches and compete.

### **The Tennis Channel**

2850 Ocean Park Boulevard,  
Suite 150

Santa Monica, CA 90405

(310) 314-9400

Web: [www.thetennischannel.com](http://www.thetennischannel.com)

Executives: Ken Solomon, Chairman & CEO; Victoria Quoss, Executive Vice President, Programming & Network Strategy

Owners: Various investors, including IMG

Programming:

The Tennis Channel broadcasts three grand slam events as well as news, one-on-one interviews, game analysis and skills instruction.

### **Turner Sports**

1015 Techwood Drive

Eight Floor

Atlanta, GA 30318

(404) 827-3394

Executive: David Levy, president.

Parent Company: Time Warner

Programming:

With events airing on TBS and TNT, Turner Sports' line-up includes the NBA, NASCAR and NASCAR.COM, Major League Baseball, college football, professional golf, PGATour.com and PGA.com.

### **USA Network**

1230 Avenue of the Americas

New York, NY 10020

(212) 413-5000

Web: [www.usanetwork.com](http://www.usanetwork.com)

Subscribers: 90 million homes

Executive: Jeff Zucker, President and Chief Executive Officer, NBC Universal.

Parent Company: General Electric Company

Programming:

USA Network carries some U.S. Open tennis matches.

**Univision**

9405 NW 41st St.

Miami, Fl. 33178

(305) 471-3900

Availability: Reaches 99% of U.S. Hispanic households.

Executives: Haim Saban, Chairman

Ownership: Univision Communications, Inc.

Programming:

Univision and Major League Soccer have an 8-year agreement worth \$10 million under which Univision owns the rights to broadcast 25 regular-season MLS games each year plus three playoff games. The network also owns exclusive Spanish-language rights to FIFA's World Cup Soccer Championship, as well as rights to the pro soccer league Fútbol Liga Mexicana.

Univision Communications Inc. describes itself as “the leading Spanish-language media company in the United States.” Its television operations include the Univision Network, TeleFutura Network, Galavisión and Univision and TeleFutura Television Groups

**Versus**

Two Stamford Plaza

281 Tresser Boulevard

Stamford, CT 06901

Phone: (203) 406-2500

Web: [www.Versus.com](http://www.Versus.com)

Executive: Jamie Davis, President

Parent Company: Comcast

Programming:

A deal with the National Hockey League that stretches to 2011 gives Versus a full slate of regular-season and playoff action and makes the channel the primary home for national, U.S. hockey broadcasts.

Versus also carries live action from the Mountain West Conference football and basketball, various cycling races, most notably the Tour de France, the Boston Marathon, World Extreme Cagefighting, Professional Bull Riders or PBR and more than 50 hunting and fishing programs.

## **APPENDIX B:**

# **PROFILES OF REGIONAL NETWORKS CARRYING SPORTS**

### **Altitude Sports & Entertainment**

Pepsi Center  
1000 Chopper Circle  
Denver, CO 80204  
Web: [www.altitude.tv](http://www.altitude.tv)

#### **Programming:**

Altitude carries Denver Nuggets (NBA), Colorado Avalanche (NHL), Colorado Rapids (MLS) and Colorado Mammoth (NLL) games. In addition, through its partnership with

ESPN Syndication and its own broadcast agreements with select conferences, Altitude will air Big 12, Big East, Big Sky, RMAC and WAC basketball, and Big Sky, Big East, WAC, RMAC and football games. Altitude carries local high school football games, CFL games, and regional college basketball games as well as minor league hockey, snow/extreme, and outdoor sports programming.

### **Comcast SportsNet**

1500 Market Street

Philadelphia, PA 19102

Web: [www.comcast.com](http://www.comcast.com)

Web: [www.comcastsportsnet.com](http://www.comcastsportsnet.com)

#### **General Programming:**

Comcast SportsNet operates eight sports networks that televise more than 1,600 live sporting events annually and deliver local and national sports news, analysis and commentary to more than 27 million cable and satellite homes. Comcast SportsNet's networks are: Comcast SportsNet Philadelphia, Comcast SportsNet Chicago, Comcast SportsNet Mid-Atlantic, Comcast SportsNet West, SportsNet New York, The Mtn. – MountainWest Sports Network, and Comcast SportsNet Bay Area, and Comcast SportsNet New England.

### **Comcast SportsNet Bay Area**

77 Geary Street, 5th Floor

San Francisco, CA 94108

(415) 296-8900

Web: [bayarea.comcastsportsnet.com](http://bayarea.comcastsportsnet.com)

#### **Programming:**

San Francisco Giants

### **Comcast SportsNet Chicago**

350 N. Orleans Street Suite S1-100



Chicago, IL 60654  
(312) 222-6000

Web: [chicago.comcastsportsnet.com](http://chicago.comcastsportsnet.com)

Programming:

Airs the Chicago Cubs, Chicago White Sox, Chicago Bulls, Chicago Blackhawks

**Comcast SportsNet Mid-Atlantic**

7700 Wisconsin Avenue, Suite 200  
Bethesda, MD 20814

(301) 718-3200

Web: [comcastsportsnet.tv/pages/main](http://comcastsportsnet.tv/pages/main)

Programming:

Broadcasts the Washington Wizards, Washington Capitals

**Comcast SportsNet New England**

Email: [fans@comcastsportsnet.com](mailto:fans@comcastsportsnet.com)

Programming:

Carries the Boston Celtics.

**(Comcast) SportsNet New York**

75 Rockefeller Plaza  
New York, NY 10019  
(212) 485-4800  
Web: [www.sny.tv](http://www.sny.tv)

Programming:

Airs New York Mets (MLB) games.

SportsNet New York (SNY), which launched in t2006, is New York's new regional sports network founded by Sterling Entertainment Enterprises, Time Warner and Comcast. SNY is a 24/7 regional sports and entertainment television network that features up to 125 regular season New York Mets telecasts. SNY is available to viewers in New York, Connecticut, most of New Jersey and northeastern Pennsylvania. In addition to Mets games, SNY is also the official year-round television home of the New York Jets, providing viewers with coverage and access to the Jets organization and its players. SNY also televises other professional and collegiate sports, including basketball and football games from the Big East and Big Ten conferences and boxing.

### **Comcast SportsNet Northwest**

One Center Court, Suite 150  
Portland, OR 97227  
Email: [contactus@comcastsportsnet.com](mailto:contactus@comcastsportsnet.com)

#### **Programming:**

Carries the Portland Trailblazers

### **Comcast SportsNet Philadelphia**

3601 South Broad Street  
Philadelphia, PA 19148  
(215) 336-3500  
Web: [philadelphia.comcastsportsnet.com](http://philadelphia.comcastsportsnet.com)

#### **Programming:**

Carries the Philadelphia Phillies (MLB), Philadelphia 76ers (NBA), and Philadelphia Flyers (NHL). NCAA sports coverage includes these schools: Delaware, Drexel, LaSalle, Penn, Penn State, Saint Joseph's, Temple and Villanova.

### **Comcast SportsNet The Mountain**

4100 E. Dry Creek Road  
Littleton, CO 80122  
Web: [www.themtn.tv/mtn](http://www.themtn.tv/mtn)

#### **Programming:**

The MountainWest Sports Network was as the first network dedicated to a college athletic conference, the NCAA Division I Mountain West Conference (MWC). Coverage includes 46 football games, 87 men's basketball games, 48 women's basketball and volleyball games, inclusive of all eight championship basketball games, plus tennis, baseball, softball, volleyball, track & field, and swimming &

diving. The Mountain West Conference is comprised of nine NCAA Division I institutions: Air Force Academy, Brigham Young University, Colorado State University, University of Utah, San Diego State University, Texas Christian University, University of Nevada Las Vegas, University of New Mexico and University of Wyoming.

### **Comcast SportsNet West**

4450 E. Commerce Way  
Sacramento, CA 95834  
(866) 804-3504  
Web: [west.comcastsportsnet.com](http://west.comcastsportsnet.com)

#### **Programming:**

Carries the Sacramento Kings (NBA) and Sacramento Monarchs (WNBA). NCAA sports coverage includes these schools: University of California, University of San Francisco, Santa Clara, Nevada, St. Mary's and Pacific.

### **Cox Sports Television**

2121 Airline Drive  
2nd Flr - West  
Metairie, LA 70001  
Web: [www.coxsportstv.com](http://www.coxsportstv.com)

#### **Programming:**

Cox Sports Television, the exclusive regional sports network home of the NBA's New Orleans Hornets, NFL's New Orleans Saints and LSU Tigers, is a 24-hour local sports network that delivers exclusive programming, including both professional and collegiate sporting events and is available to over 1,500,000 viewers in Texas, Arkansas, Louisiana, and North/Central Florida. CST televises over 350 events per year.

### **Fox Sports Net**

10201 West Pico Blvd., Bldg. 101  
Los Angeles, CA 90035  
Phone: 310-369-1000  
Web: [www.FOXSports.com](http://www.FOXSports.com)

#### **General Programming:**

FSN is the nation's leading provider of local sports. Through its 16 owned-and-operated regional networks, FSN serves as the TV home to more than half of all MLB, NHL and NBA teams. FSN's nationwide roster of regional sports networks includes FSN Arizona, FSN Detroit, FSN Florida, FSN Houston, FSN Indiana, FSN Kansas City, FSN Midwest, FSN North, FSN Ohio, FSN South, FSN Southwest, FSN West, FSN Wisconsin, Prime Ticket, SportSouth, Sun Sports. FSN produces close to 5,000 live local events each year, including more than 1,600 in high definition, making FSN the most prolific producers of HD sports programming in the country. In addition to its thousands of home team games and a wide variety of locally produced sports programs, FSN televises national sports events and programs, including Pac-10 and ACC basketball and Pac-10 and Big 12 football.

FSN affiliates and their programming:

**FSN Arizona:** Arizona Diamondbacks (MLB), Phoenix Suns (NBA), Phoenix Coyotes (NHL)

**FSN Bay Area:** Golden State Warriors (NBA), San Jose Sharks (NHL).

**FSN Detroit:** Detroit Tigers (MLB), Detroit Pistons (NBA), Detroit Red Wings (NHL).

**FSN Florida:** Florida Marlins (MLB), Tampa Bay Devil Rays (MLB), Florida Panthers, Orlando Magic (NBA).

**FSN Houston:** Houston Astros (MLB), Houston Rockets (NBA).

**FSN Indiana:** Indiana Pacers (NBA).

FSN Kansas City: Kansas City Royals (MLB),

**FSN Midwest:** St. Louis Cardinals (MLB), St. Louis Blues (NHL).

**FSN New York:** New Jersey Devils (NHL), New York Islanders (NHL), New York Rangers.

**FSN North:** Minnesota Twins (MLB), Minnesota Timberwolves (NBA), Minnesota Wild (NHL).

**FSN Northwest:** Seattle Mariners (MLB), Seattle Sonics (NBA).

**FSN Ohio:** Cincinnati Reds (MLB), Cleveland Cavaliers (NBA), Columbus Blue Jackets (NHL).

**FSN Pittsburgh:** Pittsburgh Pirates (MLB), Pittsburgh Penguins (NHL).

**FSN Prime Ticket:** Los Angeles Dodgers (MLB), Los Angeles Clippers (NBA), Anaheim Ducks (NHL).

**FSN Rocky Mountain:** Colorado Rockies (MLB).

**FSN South:** Atlanta Hawks (NBA), Memphis Grizzlies (NBA), Carolina Hurricanes (NHL), Nashville Predators (NHL).

**FSN Southwest:** Texas Rangers (MLB), Dallas Mavericks (NBA), San Antonio Spurs (NBA), Dallas Stars (NHL).

**FSN Utah:** Utah Jazz (NBA).

**FSN West:** Los Angeles Angels (MLB), Los Angeles Lakers (NBA), Anaheim Ducks (NHL), Los Angeles Kings (NHL).

**FSN Wisconsin:** Milwaukee Brewers (MLB), Milwaukee Bucks (NBA).

**MSG Network**

Madison Square Garden  
Two Pennsylvania Plaza  
New York, NY 10021-0091  
Web: [www.msg.com](http://www.msg.com)  
Email: [msgnetpr@msgnetwork.com](mailto:msgnetpr@msgnetwork.com)

Programming:

Broadcasts the New York Knicks (NBA), Buffalo Sabres (NHL), New Jersey Devils (NHL), New York Islanders (NHL), and the New York Rangers (NHL).

**Mid-Atlantic Sports Network**

333 West Camden St.  
Baltimore, MD 21201-2435  
(410) 625-7100  
Web: [www.masnsports.com](http://www.masnsports.com)

Programming:

Airs the Baltimore Orioles (MLB) and Washington Nationals (MLB). MASN is the first Regional Sports Network in the mid-Atlantic area owned by two Major League Baseball franchises – the Washington Nationals and Baltimore Orioles.

**New England Sports Network**

New England Sports Network, Ltd.  
480 Arsenal Street, Building #1  
Watertown, MA 02472  
(617) 536-9233  
Web: [www.boston.com](http://www.boston.com)

Parent Companies: NESN is owned by the Boston Red Sox and the Boston Bruins.

Programming:

Carries the Boston Red Sox (MLB) and Boston Bruins (NHL).

**SportSouth**

Atlanta, GA  
Availability: 8.2 million cable and satellite subscribers in Georgia, Tennessee, Alabama, Mississippi, South Carolina and parts of North Carolina.  
Parent Company: Fox Cable Networks

Programming:

SportSouth carries the Atlanta Thrashers (NHL) and the Atlanta Braves (MLB).

**SportsTime Ohio**

25 Prospect  
Suite 1700 Republic  
Cleveland, Ohio 44115  
(216) 736-4450  
Web: [www.sportstimeohio.com](http://www.sportstimeohio.com)  
Parent Company: Cleveland Indians

**Programming:**

Carries the Cleveland Indians (MLB).

**Sun Sports**

1000 Legion Place  
Ste. 1600  
Orlando, FL 32801  
(407) 648-1150  
Web: [www.sunsportstv.com](http://www.sunsportstv.com)

**Programming:**

Sun Sports (formerly known as Sunshine Network), a Fox owned and managed regional sports network, currently reaches over 6 million cable and satellite homes throughout the state of Florida and via satellite across the U.S. FSN Florida (launched in 1997 as SportsChannel Florida), another Fox owned and managed network, also serves the state of Florida via cable and satellite and is available in over 5 million homes. While they are unique and separate channels, both Sun Sports and FSN Florida are managed from headquarters in Florida.

Sun Sports carries Miami Heat (NBA), Orlando Magic (NBA), Tampa Bay Lightning (NHL).

**WGN**

2501 W. Bradley Pl.  
Chicago, IL 60618-4718  
(773) 528-2311

Web: [WGNtv.Trib.com](http://WGNtv.Trib.com)

**Programming:**

Carries Chicago Cubs (MLB), Chicago White Sox (MLB), and Chicago Bulls (NBA).

**YES Network**

The Chrysler Building  
405 Lexington Avenue, 36th Floor  
New York, NY 10174-3699  
Phone: 646-487-3600  
Web: [www.yesnetwork.com](http://www.yesnetwork.com)

Programming:

The Yankees Entertainment and Sports Network carries the New York Yankees (MLB) and the New Jersey Nets. The YES Network launched on March 19, 2002 as a 24-hour-a-day, 7-day-a-week premier sports and entertainment television network featuring the 26-time World Champion New York Yankees Major League Baseball team.

**APPENDIX C:**

**PROFILES OF CANADIAN NETWORKS  
CARRYING SPORTS**

**Canadian Broadcasting Corporation**

250 Front Street West  
P.O. Box 500, Station A  
Toronto, Ontario M5W 1E6  
(416) 205-3311 (general inquiries)  
(416) 205-6688 (TDD)  
866-306-4636 (toll free)

Email: [cbcinput@cbc.ca](mailto:cbcinput@cbc.ca)

Programming:

*Hockey Night in Canada* remains one of the most popular shows on CBC Television, airing Saturday nights during the NHL season since 1952. Other properties include: the Canadian Football League, the Olympic Games through 2008, Toronto Blue Jays baseball and Toronto FC soccer.

**CTV**

P.O. Box 9, Station 'O,' Scarborough  
Ontario, Canada M4A2M9  
(416) 332-5000  
Web: [www.ctv.ca](http://www.ctv.ca)  
Parent Company: CTVglobemedia

Programming:

CTV owns 28 conventional television stations across Canada and 27 specialty channels, including the top Canadian specialty channel, TSN, which calls itself "Canada's Sports Leader." Other specialty properties include Réseau des sports and OLN, along with several digital specialty channels such as ESPN Classic and NHL Network.

**Fox Sports World Canada**

(Toronto office)  
1450 Don Mills Road

Don Mills, Ontario  
M3B 2X7

website: [www.canada.com](http://www.canada.com)

Programming:

Fox Sports World Canada is a Canadian English language category 2 digital cable specialty channel owned by CanWest MediaWorks Inc. FSWC's programming primarily features association soccer and some rugby. The channel has provided the Canadian audience with analysis and coverage of the English Premier League, as well as Soccer / Football news of the world, including league and competition wrap-ups of all Global Soccer Competitions. Detail League news covers the following leagues: MLS, Argentina, Brazilian, German, French, Spanish, Scottish soccer matches. Coverage of other leagues such as Portuguese, Greek, Netherlands and Asian leagues also have been shown.



## **Global Television Network**

603 St. Mary's Road  
Winnipeg, MB, R2M 3L8  
(204) 233-3304  
web: [www.canada.com/globaltv](http://www.canada.com/globaltv)

### **Programming:**

The Global network doesn't have an in-house sports production division. Its sports broadcasts are either simulcast with American networks or outsourced to independent producers such as Molstar. Global was the longtime broadcaster of National Football League football games in Canada, an association that ended in 2007 when CTV outbid Global for the NFL broadcast package. The network continues to air coverage of The Masters and, on most stations, various PGA Tour events.

## **Rogers Sportsnet**

One Mount Pleasant Rd.  
Toronto, ON  
Canada  
M4Y 3A1  
Email: [feedback@sportsnet.rogers.com](mailto:feedback@sportsnet.rogers.com)

### **Programming:**

Rogers Sportsnet is a Canadian sports company that operates four distinct cable channels, a national high-definition channel and a news and information web site, [sportsnet.ca](http://sportsnet.ca). Founded in 1998, Rogers Sportsnet has been owned by Rogers Media since 2001. [Sportsnet.ca](http://Sportsnet.ca) was launched in 1998.

Rogers Sportsnet provides sports programming on four channels: Sportsnet East (Quebec and Atlantic Provinces), Sportsnet Ontario, Sportsnet West (Manitoba, Saskatchewan, Alberta, Nunavut and Northwest Territories), and Sportsnet Pacific (British Columbia and Yukon). It also offers high definition programming on Sportsnet HD.

Rogers Sportsnet broadcasts more NHL hockey featuring Canadian clubs than any other network. In addition, it is a rights holder for the Toronto Blue Jays and Toronto Raptors (Ontario Region), and also carries National Lacrosse League, Canadian Hockey League (including the Memorial Cup), and the American Hockey League. Rogers Sportsnet is a member of a consortium that won Canadian broadcast rights for the 2010 Winter Olympics in Vancouver and the 2012 Summer Games in London.

**TSN**

9 Channel Nine Court  
Scarborough, ON M1S 4B5  
(416) 332-5000  
Web: [www.tsn.ca](http://www.tsn.ca)

**Progamming:**

TSN, a division of CTVglobemedia, calls itself “Canada's sports leader.” Its flagship news program, “SportsCentre,” was voted the No. 1 source for sports news by sports fans from across Canada. TSN's broadcast schedule also features the NHL and first three rounds of the Stanley Cup Playoffs; Toronto Maple Leafs hockey; International Hockey including the IIHF World Junior Championship; the Olympic Games through 2012; CFL including Friday Night Football; NFL including Sunday and Monday Night Football; PGA TOUR and all four golf Majors; Season of Champions Curling; NASCAR including the Daytona 500; Formula One including the Canadian Grand Prix; IRL including the Indy 500; Blue Jays baseball; Raptors basketball and the NBA Finals; Tennis and all four Grand Slam events; EURO 2008 and UEFA Champions League Soccer; HBO World Championship boxing; and Figure Skating including the national championships.

TSN recently announced a new five-year broadcast partnership beginning in 2008 that provides TSN with broadcast and digital rights for the CFL's entire 77-game package annually, including all regular season games, divisional playoff matches and the Grey Cup.

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