

## CBS talked with ESPN about N.C.A.A. tourney

*Richard Sandomir*



*Michael Conroy/Associated Press - Jim Nantz of CBS with Duke Coach Mike Krzyzewski and the Blue Devils after the team won the national title last month.*

An extraordinary idea was broached last fall when CBS was trying to shave the huge losses it anticipated over the remaining years of its N.C.A.A. men's basketball tournament deal.

CBS talked with ESPN about paying it to take the 2010 to 2013 tournaments off its hands, according to four executives with intimate knowledge of the talks who were not authorized or willing to speak publicly.

The idea, which was initiated at the top levels of both media companies, was seriously considered but eventually discarded by Leslie Moonves, CBS's chief executive; Robert A. Iger, chief executive of the Walt Disney Company, ESPN's parent; and George W. Bodenheimer, the president of ESPN.

If it had occurred, the transaction would have been a fascinating episode in sports TV negotiations: a broadcaster, CBS, paying a rich cable competitor, ESPN, to end its association with an event that has been part of the foundation of CBS Sports since the 1980s.

"We live in unusual times," said Neal Pilson, an industry consultant and former CBS Sports president. He said the enormous cost of older sports deals and the impact of the recession on the advertising marketplace caused NBC to lose more than \$200 million on the Vancouver Games and would have been the primary reasons CBS sought relief on its N.C.A.A. contract.

Instead of making a deal with ESPN, CBS decided it would be more profitable to share the tournament with Turner Sports and agreed last month to pay \$10.8 billion from 2011 to 2024 under that arrangement.

CBS preferred that deal because it enabled the network to maintain its connection to the tournament while carrying fewer games and mitigating the huge losses it was forecasting over the final few years of its previous contract.

Turner's games will be on TBS, TNT and truTV, and starting in 2016, CBS and TBS will alternate the Final Four and national championship game, a major coup for a cable network.

David Levy, the president of Turner Sports, said it was no secret to him that CBS was talking to ESPN.

Levy said he learned about the discussions from Sean McManus, the president of CBS News and Sports, after he started his own conversations with CBS in October. "And we were discussing our options with other partners as well," Levy said. "Everybody was feeling each other out and trying to figure out who to deal with."

Levy said his impression was that the ESPN option was alive at CBS until December. By then, he said, "We and CBS were partners and we felt CBS was no longer talking to ESPN."

CBS and ESPN officials would not speak publicly about the conversations.

Central to CBS's interest in paying ESPN to take over the tournament was what it owed the N.C.A.A. for the last three years of the \$6 billion deal that started in 2003. In 2011 CBS was obligated to pay \$657 million; in 2012 it rose to \$710 million; and in 2013 it jumped to \$765 million. Losses could have been at least \$200 million a year. CBS was also looking at losing \$50 million or more on its 2010 broadcast of the tournament. Moving the 2010 tournament on short notice would have posed difficulties, but it was part of the CBS-ESPN talks.

As it was calculating its future, CBS was hoping — but could not be sure — that the N.C.A.A. would exercise its option to eliminate the final three years of the deal and open bidding to willing media companies for a new long-term contract that would start in 2011.

For its part, the N.C.A.A. needed to feel confident that it would get as much or more in the first three years of a new deal than the average \$700 million it would have gotten from CBS.

Into that uncertainty came the CBS-ESPN conversations.

ESPN would have assumed CBS's obligations to the N.C.A.A., offset by whatever substantial sum CBS would have paid ESPN. That would have been the first step. The deal would have been contingent upon ESPN's reaching a 10- or 11-year arrangement beyond 2013 with the N.C.A.A. — adding the newly expanded tournament to the hundreds of regular-season men's games it televises across its networks.

Before CBS and ESPN could agree on a price, the Turner alliance became too attractive for CBS to ignore.

Subsequently, the bidding for the tournament turned into a one-on-one competition between CBS/Turner and ESPN. To the surprise of many, ESPN lost, prompting speculation that the cable empire's major contribution to the profitability of its parent, the Walt Disney Company, made its bidding more conservative, a stance that may continue in coming bidding against NBC for the 2014 and 2016 Olympic rights.

**Fonte: New York Times, New York, May 4<sup>th</sup> 2010, Sports, online.**