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ESPN decides not to match Comcast's offer

By Darren Rovell
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The NHL will have a new television home next fall.

ESPN, which has had a stake in NHL broadcasts since the 1992-93 season, informed the league on Wednesday that it would not match the offer put forth by Comcast.

"Tonight, we informed the NHL that we did not accept their final contract offer," ESPN and ABC Sports president George Bodenheimer said in a statement. "We worked very hard to build and sustain our relationship with the league and would have liked to continue. However, given the prolonged work stoppage and the league's TV ratings history, no financial model even remotely supports the contract terms offered."

In the 2003-04 season, NHL games on ESPN drew an audience in 416,000 homes and games on ESPN2 were watched in 209,000 homes.

In May, ESPN informed the league that it would not pick up the \$60 million option it had to broadcast the league's games for another season. After the league and the players' association settled on the terms of a new collective bargaining agreement in mid-July, Comcast, the nation's largest cable television provider, became the most interested in picking up the NHL's broadcasts. Comcast offered a three-year deal worth more than \$200 million, and ESPN officials were brought back to the table. They had until Wednesday to once again decide if it was in the network's best interest. Comcast and the league agreed to a two-year deal that can be extended up to six years.

"Over the years, thousands of great NHL moments were presented to our fans through the lenses of ESPN cameras," NHL commissioner Gary Bettman said. "ESPN was a supportive partner, and both the National Hockey League and ESPN enjoyed a mutually beneficial relationship. We wish ESPN continued success."

Comcast, which owns four regional sports networks as well as a majority share in the Philadelphia 76ers and Flyers, is expected to put its NHL games on OLN. An OLN spokesperson did not immediately return calls seeking comment.

Over the past year, the channel has endured a major shift. The network's name is now what was once its acronym. The Outdoor Life Network is no longer and its motto is now, "We've Got A New Attitude." The hunting and fishing the network was founded on a decade ago is now mostly replaced with events ranging from the Tour de France and America's Cup to the All-Star BBQ Showdown. One of OLN's greatest assets is the 10 seasons of "Survivor" re-runs it purchased from CBS for a reported \$10 million.

The deal appears to be a winning proposition for all the parties involved.

Despite a season-long work stoppage, the NHL will still collect a good deal of money on the sale of its broadcast rights. That's an amazing achievement, given that the league agreed to a revenue-sharing deal with NBC before the lockout that came free of any rights fee.

Since NHL programming is going to be OLN's most important asset, Comcast officials could be willing to spend more money to capitalize on the relationship. For the networks that have had hockey, including Fox and ESPN, investing in

growing the hockey audience simply didn't pay off when considering how much more they had invested in other sports programming. The agreement calls for OLN to show Games 1 and 2 of the Stanley Cup finals before NBC takes over for the remainder of the series. Comcast will also bring the NHL Network to cable systems in the United States, and provide on-demand game broadcasts and computer streaming of live games.

Comcast might also have additional motivation to spend -- to prove to leagues it is willing to be a great partner if leagues should seek to use OLN to build a sports network from scratch. Last year, Comcast offered an unsolicited bid of \$66 billion to buy the Walt Disney Co., which owns ESPN. The offer was rejected by the Disney board.

"It seems clear that OLN is setting itself up as a competitor to ESPN," said Bodenheimer. "We welcome it. It will make us better."

The potential audience is smaller. ESPN is in 90 million homes and ESPN2 is in 89 million homes. OLN is in 63 million households, a 75 percent increase from the number of households the network was in four years ago. That makes it easier for hockey fans to find the channel and, if they don't have it, they might be willing to pay for it.

"With the NHL deal, OLN is now further away from being that niche channel for serious sports recreation enthusiasts and moves closer to the sports fan who is enthusiastic about sitting on his couch watching the sport he loves," said David Carter, principal of The Sports Business Group, a sports consultancy firm.

A year without hockey proved to ESPN executives that picking up the option or matching Comcast's offer didn't make much financial sense, even at half the price it paid when the deal started in 1999. In the NHL's place, ESPN filled the air with original programming, like "Bowling Night" and "Stump The Schwab." Programs like these drew ratings that were at least comparable to the number of people watching NHL games.

Information from The Associated Press was used in this report. Darren Rovell, who covers sports business for ESPN.com, can be reached at Darren.rovell@espn3.com.

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