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**DESSER**  
SPORTS MEDIA



**Kaplan Hecker & Fink LLP**  
**NCAA External Gender Equity Review**  
**Media & Sponsorship Addendum**

Analysis Developed by:  
Desser Sports Media, Inc.  
[www.desser.tv](http://www.desser.tv)  
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## 0 SYNOPSIS

The NCAA commissioned Kaplan Hecker & Fink LLP (“KHF”) to conduct an independent Gender Equity Review of the Women’s Basketball Championship. In connection therewith, KHF retained Desser Sports Media, Inc. to perform this review of the NCAA’s media and sponsorship rights. Sports media professionals Ed Desser, John Kosner, and Neil McDonald performed this analysis on an independent basis, without direction or interference from the NCAA. We can attest that this document solely and accurately reflects our expert opinions, which are as follows:

Major live sporting events with high ratings and a critical mass of programming are more important than ever in the media and linear pay TV business, as high value general entertainment programming increasingly shifts to premium streaming platforms.

- The NCAA Men’s Basketball Championship (“MBBC”) is one of the biggest annual events on the sports calendar, together with the Super Bowl, NFL series like Sunday and Monday Night Football, the College Football Playoff & Championship, the NBA Playoffs & Finals, MLB Playoffs & World Series, and the NHL Stanley Cup.
- The NCAA Women’s Basketball Championship (“WBBC”) is also one of the most valuable U.S. sports media properties, and has grown to merit a place on this list. Unlike most sports TV properties today, the WBBC viewing audience and prestige continues to grow; its Championship Game viewership is up 32% since 2015, total impressions for the entire event are up 48% over the same period. Therefore, its media rights value continues to grow substantially.
- Because of the way the NCAA has packaged and sold the WBBC historically, and the extensive changes in the market since the package was last bid two decades ago, the WBBC, as part of ESPN’s NCAA Other Championships package (which also includes the rights to 28 other NCAA Championships other than the MBBC), has not achieved its full marketplace potential value.
- We estimate the WBBC alone to be worth between \$81-112 million/year beginning in 2025, the first year after the current NCAA agreement with ESPN expires. A new 8-year, \$909 million deal would be worth an average of about \$114 million per year; a 10-year, \$1.2 billion agreement would average \$118 million per year.
- To unlock this value, the NCAA should:
  - Break out and bid parts of the Other Championships package separately in future rights negotiations – starting with the WBBC. This way, the NCAA would likely attract multiple media entities, in addition to ESPN, to bid to telecast the events. Sample smaller packages include the WBBC by itself, Men’s & Women’s College World Series as a package, etc. We believe these packages will collectively generate far more total value for each Championship than the present approach.

- Rework the Corporate Partner Program (“CPP”) to generate more total revenue and direct more sponsorship support to the Other Championships, including the WBBC (e.g., a new rung in the CPP for sport-specific, non-conflicting sponsors), without sacrificing partner value for the MBBC. The practical effect of the present structure is that the NCAA has Corporate Champions and Partners of the MBBC, but not the NCAA. The CPP earmarks just 0.1% to any NCAA Championship other than the MBBC.
- Better align incentives for its media partners to enhance CPP sales opportunities for all of the NCAA’s Other Championships.
- In addition, the NCAA should make several other changes in order to increase interest and expand the value of the WBBC, as well as the MBBC and the Other Championships:
  - Combine the MBBC and WBBC’s Final Four at a single location on the same weekend, starting ideally in 2023 to maximize impact on future TV negotiations.
  - Consider starting to play the 2023 Women’s Championship game (and potentially the Women’s Final Four) in the same dome as the Men’s Final Four.
  - Use “March Madness” branding and marketing for both the WBBC and MBBC starting immediately.
  - Add more telecasts of the WBBC on ABC, including potentially simulcasts of the Final Four and Championship game in the form of a Megacast (airing simultaneously on ESPN), starting in 2022.
  - Move the Sunday WBBC Championship game completely into prime time, starting between 8-9pm EDT (similar to MBBC Final), and rework the schedules to eliminate as many same time conflicts in the MBBC and WBBC as possible.
  - Create a combined MBBC/WBBC brackets announcement show simulcast on CBS, Turner and ESPN, and prioritize other major cross promotion for the WBBC and MBBC by Turner, CBS and ESPN.
  - Negotiate to enhance the “NCAA March Madness Live” App by combining coverage and live streaming for both the MBBC and WBBC and create new WBBC video programming designed for social media platforms (including game content and behind the scenes access).
- Collectively, we believe these additional steps could further increase the media rights value of the WBBC by up to an additional 25% over time. There is similar untapped potential in the remaining Other Championships as well.

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# 1 EXECUTIVE SUMMARY

On March 18, 2021, Sedona Prince, a forward on the University of Oregon’s Women’s basketball team, [posted a video](#) on TikTok revealing the discrepancies between the weight rooms made available to student-athletes at the NCAA Men’s and Women’s Basketball Tournaments. The viral video inspired a national dialogue about the differences in college sports for men and women in general and the NCAA’s two Division I Basketball Championships in particular. Among the topics in focus now is the vast discrepancy in the value of the media agreements between the NCAA Men’s and Women’s Basketball Championships and the impact of the NCAA’s Corporate Partner Program (“CPP”) on both, prompting our investigation of the situation and creation of this report.

At the outset, it is important for the reader to know that this document was prepared independently by Desser Sports Media, Inc., a leading sports media consulting firm,<sup>1</sup> in association with the Kaplan Hecker & Fink LLP (“KHF”) NCAA External Gender Equity Review. We worked closely with KHF to be certain that we addressed all key media issues related to their remit. However, the observations, opinions, valuations, and recommendations herein are solely those of Desser Sports Media, Inc. The NCAA did not participate in the creation of this document, did not edit the report, nor did any NCAA or network partner personnel influence our investigation or shape the findings. The NCAA did provide access to the applicable media rights agreements, audience data in its possession, a report prepared by an outside agency at the NCAA’s request to help inform the organization in advance of rights negotiations, the current Corporate Champion and Partner Agreements, and made senior executives available to answer questions to aid in our understanding of particular elements and provide background. KHF provided comments and suggestions, helped with formatting, editing, and getting needed materials. Accordingly, we can certify that this work is ours alone. This version is for public release. Certain details have been omitted so as not to prejudice the economic or future negotiating position of the NCAA, but in a manner which nevertheless maintains all of the key findings.

The NCAA Men’s Division I Basketball Championship (“MBBC”) is in the pantheon of major U.S. sports properties: The MBBC is often considered together with other major annual events like the NFL Super Bowl, College Football Playoff, NBA Finals, MLB World Series, The Masters in golf, as well as quadrennial events like the World Cup and Olympics. In a long-term agreement that runs through 2032, the NCAA has licensed the media rights of March Madness and the NCAA’s broader overall marketing rights for Corporate Champions and Partners to CBS/Turner.<sup>2</sup> The deal will average \$1.1 billion per year in rights payments to the NCAA applicable to the period beginning with the 2024-2025 fiscal year.<sup>3</sup> Income generated from the MBBC Agreement represents a majority of the NCAA’s annual total income and is

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<sup>1</sup> See Sections 1.12 and 9 below for information on Desser Sports Media, Inc. and the authors.

<sup>2</sup> Since the execution of this MBBC Agreement, Turner was acquired by AT&T and the company became known as WarnerMedia. Since that time, a further ownership change will retitle the entity Warner Bros. Discovery. For the purposes of this report, we will refer to the parties to that Agreement as CBS/Turner.

<sup>3</sup> NCAA Men’s Basketball Championship Turner/CBS Agreement, March 2016 (including prepaid advances).

thus a crucial source of revenue for the NCAA's 1,268 member institutions' Athletic Departments.<sup>4</sup>

## 1.1 WOMEN'S BASKETBALL GROWTH

The NCAA Women's Division I Basketball Championship ("WBBC") is **also** one of the most valuable U.S. sports media properties. Its TV viewing audience, albeit considerably smaller than the MBBC's, has been rising steadily even amidst a significant decline in overall sports, entertainment and live event audiences that includes the MBBC as well.<sup>5</sup> In 2021:

- The Women's Championship game featuring Stanford and Arizona on ESPN (available on U.S. pay TV, reaching 70.1 million homes) averaged 4.1M viewers, up 9% from the 2019 title game (the WBBC was not played in 2020 because of COVID-19).
- The Men's Championship game between Baylor and Gonzaga on CBS (available on U.S. broadcast TV, reaching 121 million homes) attracted 16.9 million viewers, a 14% decline from the 2019 game (the MBBC was also not played in 2020). CBS carries the MBBC's final game every two years (Turner's Pay-TV-networks TBS, TNT and TruTV, all simulcast the event in alternate years). To demonstrate the current ratings decline for the MBBC, this year's CBS Championship game rating was 40% lower than the network's 2015 Championship game rating.<sup>6</sup>

This year the Men's Final drew roughly four times more TV viewers than the Women's Final; however, the Men's media rights deal earned the NCAA nearly 100 times the revenue based upon how an NCAA consultant accounts for the value of the MBBC and WBBC.<sup>7</sup>

## 1.2 THE WOMEN'S TOURNAMENT IS A UNIQUE PROPERTY IN MARCH/APRIL

**Indeed in TV terms, the NCAA Women's Basketball Tournament is a "tentpole" event:**

- The WBBC generally outdraws the TV viewership for all sporting events taking place in its event window except for the MBBC.<sup>8</sup>

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<sup>4</sup> NCAA IRS Form 990 indicates total revenue for the period ending August 2019 was \$1,118,669,180. See NCAA, Nonprofit Explorer, ProPublica, <https://projects.propublica.org/nonprofits/organizations/440567264>.

<sup>5</sup> NCAA Men's Final Four Ratings Hub, SportsMediaWatch.com, <https://www.sportsmediawatch.com/ncaa-final-four-ratings-history-most-watched-games-cbs-tbs-nbc>.

<sup>6</sup> See Section 7.1 below for annual results. The general trend has been down for nearly all sports ratings for many years.

<sup>7</sup> NCAA Media Consultant's Report July 2020, Internal Allocations of Rights Fees, page 97.

<sup>8</sup> Nielsen Media Research.

- It ranks among ESPN's highest-rated programs, other than NFL games and the College Football Playoff.
- The only Championships ESPN has on its broadcast schedule during the months of March and April are NCAA Championships (including Wrestling, Ice Hockey and Men's & Women's Gymnastics) and the WBBC is by far the highest-rated of those – filling a hole after football season and before the NBA and NHL Playoffs, both attracting subscribers to ESPN and, crucially, keeping them from dropping ESPN.

### **1.3 INTEREST IS BUILDING ORGANICALLY**

The WBBC's ratings are growing because of its endemic appeal:

- It is a true national championship featuring schools, including ultimate champions, from every part of the country and staged in rotating locations across every region.
- Each year the WBBC features outstanding teams from many of the best-known U.S. universities, all of which have substantial fan bases.
- Its bracket format is the best in team sports – all single-elimination, “won and done” playoff games culminating in a highly-rated championship game.
- The WBBC was initially distinguished by the brilliant play of UConn which has won the event 11 times. The WBBC has more recently emerged as an extremely competitive tournament with four different schools from four different conferences winning the event since 2017.
- The WBBC's student-athletes do not leave early for the pros; instead, they tend to play four years, helping the event build continuity and establishing themselves as athletes who are well-known and, in many cases, have more significant social media followings than their men's college basketball counterparts.
- With roughly half the history of the MBBC (40 years vs. 83 years), the WBBC is following a similar growth trajectory, benefiting from a virtuous cycle of increasing viewership and broadening exposure.
- In 2021 for the first time, ESPN separately broadcast each of the WBBC's 63 individual games nationally via its linear TV networks. ESPN's increasing game count and exposure for the WBBC (moving regional telecasts to national) is one of the best indications of its recognition of the WBBC's value.

### **1.4 UNDERVALUED RIGHTS**

As a result, we believe the WBBC is significantly undervalued from a sports rights perspective. Among the reasons:



- In a bundled deal, the NCAA has licensed the media rights of the WBBC together with 28 other NCAA Championships (but no accompanying NCAA official sponsorship rights) as part of another long-term agreement with ESPN. The deal runs through 2024 and has an average annual rights payment of \$34 million – approximately 4.5% of the annual value of the MBBC agreement during the same time period.
- Beginning in 2001 (then renewed in 2011), the NCAA has bundled the rights to the WBBC with 20 other Championships (expanded to a total of 29). This created a TV property (the NCAA “Other Championships”) essentially custom-made for ESPN, and **ESPN alone** (because of ESPN’s number of linear TV networks (ESPN, ESPN2, ESPNU, etc.), digital reach, and contractual need for hundreds of live events in order to satisfy its distribution partners like Comcast and Charter). The NCAA’s long-term partnership with ESPN has resulted in excellent exposure and growth in awareness for the WBBC and several other NCAA Championships, including the Frozen Four, College World Series, Wrestling, Lacrosse, Gymnastics and Women’s Softball. However, because the NCAA has never put the Other Championships package up for competitive bid – either as a collection of properties or broken out individually (e.g., the WBBC bid individually), the NCAA has foregone the single most crucial negotiating tactic in assuring it is receiving fair market value for its media property.
- The sports media environment has changed dramatically in the decade since the NCAA renewed its Other Championships deal with ESPN:
  - Since then, the typical annual rights payments for the top professional major league and college football packages have doubled.<sup>9</sup> Not only has the value of the WBBC increased, but the marketplace for sports rights has grown as well. There are more potential bidders for high-quality branded live sports than ever before. Because of a variety of factors, including but not limited to, the rise of streaming and direct-to-consumer services, the decline of traditional linear TV and the advent of legalized sports betting, these bidders have stronger motivations to harness the power of live sports to build their networks, platforms and businesses.
  - Streaming rights for sports properties are now even more critical as the media business continues to morph from purely linear pay-TV (where powerful “middlemen” services like ESPN, CBS, and the Turner

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<sup>9</sup> JP Morgan, North America Equity Research, 24 June 2020, Page 5, Figure 1 (ESPN, SBJ, JP Morgan), “Step Up in AAV for Recent Renewals” CAGR 9.1%, which over 10 years produces average 119% growth.

networks [TNT, TBS, TruTV] acquire valuable programming, bringing value as part of a bundled TV service delivered by Comcast, DIRECTV, Spectrum and others) to a hybrid including Direct to Consumer (“DTC”) distribution (where the consumer can purchase the programming that he or she wants, increasingly straight from the rights holder, such as NFL Sunday Ticket, instead of from the “middleman” rights aggregator like ESPN or FOX). In addition to traditional players (ESPN, Fox, NBC, CBS and Sinclair), a new group of technology companies like Amazon, YouTube, Twitter, Facebook, DAZN and FloSports (all of whom bid for live sports rights), and Netflix (so far just for sports documentaries such as “Formula 1: Drive to Survive”) have entered the sports media market looking to supplement or dislodge the entrenched linear incumbents. Amazon, specifically, has begun to pay material FMV to acquire high-end sports rights both in the U.S. (it committed to pay \$11 billion for exclusive NFL Thursday Night Football rights from 2023-2032 including buying out FOX’s final contractual TNF season in order to start streaming these games one year early in 2022) and internationally (including premier global football rights such as English Premier League (“EPL”), Ligue 1 and Ligue 2 and Champions League). In a sign of the growth for Women’s Basketball, Amazon, Facebook, Twitter, and Paramount+ are all streaming WNBA games this season.

- The launch of DTC streaming services has further ignited increases in U.S. sports rights, as the leading new DTC services have moved rapidly to acquire valuable programming that is viewable only on their services – examples include ESPN+’s acquiring UFC,<sup>10</sup> La Liga and Bundesliga soccer rights plus certain NHL games (and making these available only on ESPN+, not on the ESPN linear TV networks); and similarly, Paramount+ (parent company ViacomCBS) purchasing UEFA Champions League soccer rights (not to be made available on the CBS TV network). NBC also moved EPL matches to its Peacock DTC service, and off of its NBC Sports Network linear TV channel.<sup>11</sup>
- Streaming is also creating a bigger international market for sports rights, led by Amazon. Today, there are currently about 650 million

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<sup>10</sup> Ultimate Fighting Championships, a popular and violent form of mixed martial arts (“MMA”).

<sup>11</sup> NBC officially announces Premier League games will move to Peacock Premium next season, will no longer be available as a standalone MatchDay Pass (2020), [https://www.reddit.com/r/PremierLeague/comments/hrmfll/nbc\\_officially\\_announces\\_premier\\_league\\_games/](https://www.reddit.com/r/PremierLeague/comments/hrmfll/nbc_officially_announces_premier_league_games/).

“over-the-top” (non-linear pay-TV) DTC subscribers worldwide.<sup>12</sup> International football (Soccer) and basketball are the world’s two most popular sports. We believe this creates a more significant opportunity for the NCAA with the WBBC’s international TV rights<sup>13</sup> in future negotiations.

## 1.5 DIVIDED INTERESTS

The NCAA has not only negotiated the media rights to the Men’s and Women’s Basketball Championship separately but has also operated the two events differently:

- By selling all of the NCAA official marketing partnerships together with the MBBC rights to CBS/Turner, the NCAA created a set of incentives where the vast preponderance of income flows from NCAA Corporate Champions and Corporate Partners exclusively focused on the MBBC. For the 2020-2021 academic year, barely **one-tenth of one-percent of the NCAA official sponsorship revenue<sup>14</sup> was earmarked to support an NCAA Championship other than the MBBC.**
- The NCAA has succeeded in generating huge revenues from sponsorships for the MBBC, but the design has left the remaining Other Championships without due support, undermining the veracity of assertions that particular Championships “lose money.”
- The NCAA only applies the unique and valuable “March Madness” brand to the MBBC.
- The NCAA stages the WBBC’s Final Four in a separate city on the same weekend as the more popular MBBC’s Final Four.
- CBS/Turner offers a popular NCAA March Madness Live mobile application that features individual game streaming, scores, news and information about the MBBC only, missing an opportunity to include substantially similar coverage of the WBBC.
- The NCAA stages and broadcasts the MBBC and WBBC Selection Shows on separate dates and networks (the Men’s on Sunday at 6:00PM ET on CBS and on the NCAA March Madness Live app and the Women’s on the following

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<sup>12</sup> Adrian Pennington, *The State of OTT 2021*, Streaming Media (Apr. 7, 2021), <https://www.streamingmedia.com/Articles/ReadArticle.aspx?ArticleID=146165>.

<sup>13</sup> The NCAA’s Other Championships deal with ESPN includes domestic rights for the 29 Championships as well as the international-only rights for the MBBC. The MBBC international rights by themselves have significant value but are beyond the scope of this analysis.

<sup>14</sup> See Section 6 – Corporate Partner Program summary.

Monday at 7:00PM ET on ESPN), losing an opportunity for cross-promotion, another hugely important media tactic driving viewership and rights value.

## 1.6 NETWORK SUPPORT COULD BE BETTER

ESPN is a strong partner for the NCAA, but there is more the network could do:

- ESPN neither broadcasts the WBBC's Championship game on its broadest delivery platform, the ABC Television Network (which has access to more than 121 million U.S. TV homes, 57% more than ESPN<sup>15</sup>) nor provides the best possible schedule for the Women's Championship Game (frequently ESPN's highest-rated program in April). The Women's Final is programmed on ESPN during a time slot (6:00-8:00PM ET) with a lower HUTS (Homes Using TV) level than if ESPN scheduled the game in prime time (for instance, the MBBC's Championship Game airs from 9:00-11:00PM ET). The 6:00PM ET start enables the WBBC's Final to offer a strong lead-in to ESPN's weekly Sunday Night MLB game. We believe the Women's Final would rate even higher if ESPN scheduled the game in the same time period as the Men's Basketball Championship and/or aired it on ABC instead of ESPN.
- ESPN has done WBBC "Megacasts" (multiple specialized game feeds airing on several networks simultaneously) once; it does them regularly for other top properties. It also does not typically add any special treatment with innovative broadcast technologies, as is common for its most major events.
- ESPN devotes limited "shoulder" (pre-game, post-game, features and documentaries) programming that could generate greater interest in the WBBC, its teams, players, coaches and personalities.
- ESPN does not travel the "SportsCenter" studio operation (though it has an interview location set for live shots) or stage concerts or promotional events in the Women's Final Four host city to cross-promote the Women's Final Four, in part due to the structure of the corporate partnership deals. It does bring SportsCenter on-site for the MBBC, an event it doesn't even telecast domestically.
- ESPN devotes limited coverage to Women's sports in general, and Women's Basketball in particular, on its extensive sports news and information coverage on TV and digital media. But, per its contract with the NCAA, ESPN does commit significant internal resources to promotion of the WBBC.

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<sup>15</sup> Nielsen Media Research.

## 1.7 THE CASE FOR COMBINING THE MEN'S & WOMEN'S TOURNAMENTS

We believe the NCAA could realize substantially more value from the WBBC if it considered the MBBC and WBBC together as a single property (whether or not televised by the same media partner), with two separate Championship brackets, modeled more similarly to a Grand Slam Tennis tournament. In this vision, the existing media partners for the MBBC and WBBC stay the same, there is no needed change for any of the NCAA's Other Championships, and some of the pragmatic differences between the MBBC and WBBC can remain, provided they still make sense for the particular event (such as top seeds playing at home in early rounds of the WBBC but the MBBC using strictly neutral sites for all games). However, we do suggest that the NCAA:

- Adjusts its policy on event branding;
- Consolidate to a single, combined Final Four location;
- Change how fans can access information and watch live games on their mobile devices from both tournaments;
- Encourage its Corporate Partners and Champions to better support both events.

These changes we believe would enhance both the WBBC and the MBBC, too – through improved promotion and likely other benefits as well that we will discuss.

## 1.8 IMMEDIATE ACTION ITEMS

Based upon its current media agreements, we believe the NCAA could implement the following immediately:

- The NCAA could utilize “March Madness” in the marketing and presentation for both the MBBC and WBBC.
- The NCAA could choose to stage the Final Four for both the MBBC and WBBC in the same city, over the same weekend, and put that into effect as soon as possible, subject to existing commitments. This would have myriad benefits:
  - The combined Final Four would create a more compelling weekend schedule in the one host city (Women could still play Friday/Sunday; Men, Saturday/Monday) that the respective media partners could cross-promote more aggressively than they do currently.
  - The combined Final Four would present the NCAA with different ticketing options. Typically, the MBBC sells out its tickets quickly through a ticket application process and reflecting that demand, the Men's Final Four and Championship games are played in domed

stadiums. Ticket demand for the WBBC varies by market. By having both events in the same city on the same weekend, the NCAA could choose to stage them separately – (i) Men in the dome, Women in the city’s NBA or NBA-caliber arena, or (ii) choose to play the Women’s Championship game, or both the Women’s Final Four and Championship game, in the dome. Because there is less ticket demand for the WBBC than for the MBBC, the WBBC provides the NCAA with an event that could be made available and accessible to local fans in the Final Four city, most of whom normally cannot acquire the higher-demand MBBC tickets.

- Playing both the MBBC and the WBBC in the same domed stadium would permit the NCAA’s media partners to share top-quality TV facilities, instead of each being responsible for separate installations of similar equipment in two different venues, permitting some cost savings.
- The NCAA would help facilitate its Corporate Partners’ and Champions’ sponsorship activation in the Women’s Championship by staging the Women’s event where the NCAA sponsors are physically present that weekend. We believe this *sponsor proximity* would be a critical development in expanding NCAA official partner support of the WBBC.
- The NCAA would enhance press and electronic media coverage and social media activation – ESPN would likely bring the “SportsCenter” studio operation to the host city for the week as it does for the Super Bowl; social media companies including Facebook/Instagram, Twitter, Snap, TikTok and Google/YouTube would establish home bases in the host city.
- The NCAA could consider expanding the marketing of the Final Four to make it into the preeminent, annual U.S. Basketball festival (i.e., the Men’s and Women’s Final Fours plus Men’s and Women’s college basketball coaching conventions, Men’s and Women’s college basketball Hall of Fame nominations, promotional opportunities to honor boys and girls high school All-Americans, upcoming USA Basketball [Olympic, World Championship, 22 And Under] teams, etc.). Holding the Men’s and Women’s Basketball Championships in one city would also enable the NCAA to realize significant expense savings including event travel and host city vendors.

- The NCAA could provide enhanced leadership around the broadcasting, sponsorship and marketing of the MBBC and WBBC by (i) filling a new Chief Business Officer position and (ii) streamlining the management operations for both the men’s and women’s basketball events.
- The NCAA could, and probably should, convene an annual meeting of its media partners (CBS/Turner and ESPN) and its Corporate Champions and Partners, to start to determine strategies and a game plan to expand NCAA official sponsorship support beyond the MBBC to the WBBC and NCAA’s Other Championships.
- The NCAA could examine the roles and authority of its various committees overseeing aspects of the MBBC and WBBC as the current system makes it extremely hard for the organization to achieve consensus and operate as cohesively as most other sports rights holders can.

## **1.9 ADJUSTMENTS TO THE CORPORATE PARTNER PROGRAM**

We believe the NCAA should engage its MBBC and WBBC media partners on a set of potential changes in their long-term agreements that would serve to enhance the WBBC and better support men’s and women’s student athletes during the entire NCAA Championship calendar from November-June. While it is never easy to renegotiate key points in very lucrative, long-term sport media agreements, it does happen. The reason is because things change in the media business. CBS/Turner and ESPN are all good, long-term partners of the NCAA. These networks are eager to maintain a strong relationship with the Association and its leadership because their ultimate goal is to extend and enhance their high-profile, lucrative MBBC and WBBC agreements beyond 2032 and 2024 (respectively). Additionally, CBS/Turner and ESPN all understand that the gender equity issues facing the NCAA today are real and that:

- They are not going away,
- The NCAA must deal with them constructively, and
- Failure to do so ultimately damages the value and perception of all NCAA Championships including the MBBC and WBBC, which would negatively impact the value propositions of their NCAA relationships.

We are also suggesting the following changes that may require immediate adjustments to the respective media agreements:

1. The NCAA should encourage its broadcast partners to either combine or more closely tie together the bracket announcement Selection Shows for both the MBBC and WBBC. This could take the form of one combined Men's and Women's show on Sunday evening that is televised by both CBS and ESPN; or moving the WBBC to Sunday at either 5:00PM ET (directly before the MBBC) or 7:00PM ET (directly after) – in both cases televised by ESPN and cross-promoted by CBS. These suggested changes either affect CBS's exclusivity to the MBBC Selection Show or the current scheduling of the WBBC Selection Show for ESPN or both. Once the current Agreements expire, they can be restructured to require this, but we see benefits to doing so earlier.
2. The NCAA should work with CBS/Turner to make its NCAA March Madness Live mobile application the one-stop-shop for news, information, scores, schedules and live streaming of both Selection Shows and all MBBC and WBBC games. This would give all college basketball fans a go-to location to follow the unified "March Madness." This change could impinge upon the contractual exclusivity that Turner Digital has regarding the NCAA mobile application and ESPN's regarding live streaming of the WBBC on the ESPN app, but Turner Digital is already deeply engaged with the NCAA in its digital business, and this is an ideal opportunity to update the structure of this operation to align with best current practices.

Today, the practical effect of the present CPP structure is that the NCAA has Corporate Champions and Partners of the MBBC, but not the NCAA. We are focused here on (i) incentives for CBS/Turner and the NCAA's existing and future Corporate Partners and Champions to support the WBBC and the NCAA's Other Championships beyond their present involvement primarily with the MBBC, and (ii) new and creative ways to increase revenue from the already substantial NCAA Corporate Partner Program. The NCAA can facilitate significant incremental revenue into the Corporate Partner Program, but will need to be actively engaged in the process for it to succeed.

Our suggested changes include:

- Permitting the sale of non-conflicting sponsor categories for the WBBC and the NCAA's Other Championships.
- Restricting protections provided in future Corporate Partner but not Corporate Champion deals.
- Engaging with CBS/Turner and ESPN to improve cooperation and generate incremental revenues from the CPP.
- Creating greater flexibility in terms of advertising and sponsorship for the NCAA's Other Championships. For instance, permitting a supercharged



presenting sponsor (“The Frozen Four presented by \_\_\_”) and enabling commercial breaks of different/shorter lengths and/or in-action split-screen to create more customized advertising and sponsorship approaches.

- Creating sponsored highlights from every major championship that could air in vignette packages (the video highlights plus a sponsored billboard and a TV commercial) across the NCAA’s three media partners throughout the academic year.
- Expanding sponsorship messages on all in-event camera-viewable signs and enabling virtual sponsorship signage, including on the court and field.
- Allowing NCAA Corporate Partners and Champions tagging/inclusion at the conclusion of NCAA institutional TV messages and then airing these promotional messages across the NCAA’s three media networks throughout the academic year.

## **1.10 VALUATION AT A GLANCE**

As part of this project, we have also prepared a rights valuation of the WBBC. Our key insights:

- The existing “Other Championships” deal is considerably under market because of:
  - How it is structured (as an “all in one” package instead of negotiating different Championships like the WBBC separately);
  - When it was negotiated originally (2001) and the different sports media environment at that time versus what we observe today;
  - Never having been open for bid since 2001, and never materially renegotiated since it was renewed in 2011.
- Selling the WBBC alone will unlock considerable value and attract far more bidders than keeping it combined with 28 other NCAA Championships. We believe doing so will not negatively impact the value, attention and opportunities the Other Championships will receive prospectively, as these properties have grown in value over time as well.

We performed the valuation two ways: (1) Comps; and (2) Sum of the Parts.

- For Comps, it is challenging to identify true comparable sports properties to the WBBC. After careful consideration of the variety of options, we selected the MBBC, the WNBA and the U.S. Open Tennis Championships as the

closest,<sup>16</sup> subject to adjustment, resulting in rights valuations for the WBBC between **\$81 and \$112 million** per year; midpoint of the range is \$96 million.

- For Sum of the Parts, our analysis generated a valuation of **\$101 million** for the WBBC, including calculations of advertising and an allocation of the even larger network affiliate distribution (subscriber fee) revenue.
- These figures are for the next available for bid, the 2025 WBBC event. Due to the confluence of results, we feel most comfortable with an estimated value in the \$100 million vicinity. Our valuation work did not include any of the suggested changes we discuss in this report, which we feel, over time, have the potential of adding up to 25% additional value to the amount we ascribe to the WBBC. Assuming an 8-year term, a 4% intra-deal average rights fee growth, and a rights fee starting in 2025 at the average of the midpoint of the comps range (\$96 million) and the sum of the parts estimate (\$101 million), the Average Annual Value of a new, WBBC-only, \$909 million deal would be approximately \$114 million. A 10-year, \$1.2 billion deal would average \$118 million per season.
- As it was beyond the scope of our assignment, we did not perform an analysis on the Other Championships programming rights beyond the WBBC. We believe many of them to be undervalued as well, and suspect that changes in the way that each is brought to market, as we have described for the WBBC, could also lead to substantially more revenue and exposure for these sports.

Along with the valuation work, we make a series of recommendations for the next media rights negotiation for the WBBC and the NCAA's Other Championships. These include:

- Bidding the WBBC as a separate property to the entire marketplace.
- Grouping the remaining NCAA Other Championships in a manner designed to attract multiple bidders for each. For example, the College World Series and Women's Softball both reach substantial Spring/Summer audiences and would make a compelling combination, especially for a partner that is invested in baseball or has a live sports programming gap at that time of year.

## 1.11 IN SUMMARY

Much has changed in sports media since the NCAA extended its WBBC media agreement with ESPN in 2011. There has been considerable development in how TV networks and rights holders work together to generate more value, such as considering how to best utilize the intellectual property of the sporting event with sponsorship and distribution in mind from the start. Two examples are CBS/Turner with the MBBC

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<sup>16</sup> See Figure 7.4 for a graphical representation of the property factors considered.

and ESPN with the College Football Playoff. With that approach, and considering the expansion in ratings and attention for women's sports and female athletes, the broader equity discussions happening in our country, and the desire of top marketers to ride that wave, we believe there is considerable room for growth for the NCAA with the WBBC and its Other Women's Championships.

It is also important to note that the NCAA, like all sports rights holders, operates in a rapidly-changing environment. The NCAA's premium attractions such as the MBBC and WBBC must vie not just with the increasing amount of nationally-televised linear TV and streamed sporting events, but also with DTC entertainment services like Netflix and Disney+, video games, and a variety of free services including social media networks and YouTube. This is especially true for college students. The NCAA must focus constantly on improving the experience of its Championships for fans just to maintain its position.

With everything here, we counsel the NCAA and its membership to act with urgency. We recognize the challenges this presents; however, if these NCAA corporate partner changes could all be made effective for the 2022-23 NCAA Women's Basketball and Other Championships, it would be very helpful towards mining added value. Similarly, a combined Final Four would be ideal for April 2023. We understand that other commitments have already been made – the Women's Final Four host cities are determined through 2026, all three NCAA Divisions are scheduled to honor Title IX's 50<sup>th</sup> Anniversary at the 2023 Women's Final Four in Dallas, and there are myriad practice schedules, hotels and other issues to sort through. Nonetheless, we feel very strongly that a combined Final Four will generate significant incremental value for the WBBC immediately and thus provide the NCAA with a tremendous strategic advantage heading into its ESPN renewal discussion for the Other Championships agreement for 2024-2025 and beyond.

This report seeks to address and answer the following:

- Why the WBBC is a tentpole sports property.
- Why the WBBC media rights are substantially undervalued.
- How the NCAA could achieve growth in the media rights value of the WBBC.
- The immediate steps that the NCAA could take to enhance the media rights value of the WBBC.
- Changes we suggest to the NCAA's Corporate Partner Program that would enable the program to better support the WBBC and the NCAA's Other Championships beyond the MBBC.
- What we believe the current WBBC package is worth as a standalone in today's sports media marketplace.



## 1.12 ABOUT THE AUTHORS

Desser Media/Desser Sports Media, Inc. is a boutique consulting firm, which advises premiere sports, media and tech organizations on sports media rights, M&A, litigation/arbitration, and strategic business development. We use the unique analytical tools and experience developed from negotiating over 100 team and league media agreements over the past 16 years, and our years prior working in the industry. We perform comprehensive valuation analysis, serve as expert witnesses, provide dispute resolution support, and design media business plans across both traditional and emerging digital media platforms, and assess subscription and ad revenue alternatives. The combined value of the media agreements we have completed, and the major sports M&A transactions we have advised on, total more than \$30 billion to date.

We provide this range of services to the full spectrum of sports media participants, ranging from professional and collegiate content owners to networks/intermediaries, distributors/retailers, and tech companies; from linear networks to streaming platforms and other digital media. We have a deep understanding of the operations and perspectives of networks, distributors, tech platforms, teams and leagues, plus our up-to-the-minute specialized knowledge of the sports media marketplace. Our client list includes: (i) national professional sports entities like the NFL, MLB, NBA, MLS, PGA Tour, CFL, PBA, PRCA, UFC, WWE, NHRA and NASCAR; (ii) Division I collegiate conferences including the Big 12, Big East, and AAC; (iii) more than 50 major league teams across most leagues; (iv) tech companies like Google/YouTube and Qualcomm; and (v) media/distribution/sports conglomerate companies like NBC Universal, Fox, Tribune, Time Warner Cable, MLSE, AEG, Rogers, and DIRECTV.

The authors of this report are Ed Desser, John Kosner, and Neil McDonald, assisted by Amanda Busick. Collectively, we have over 100 years of senior sports media experience, including a combined 50+ years leading the NBA's TV, production, distribution, international and digital media operations in the NBA Commissioner's Office. In addition, John Kosner has more than 20 years of experience as a senior ESPN programming and digital executive, including extensive work on the NCAA's "Other Championships" agreement and coverage, and leading ESPN.com and the ESPN app during his time at the network. See [APPENDIX A](#) for executive bios, and [www.desser.tv](http://www.desser.tv) for additional background.

## 2 TENTPOLE SPORTS PROPERTY

The WBBC is one of the most valuable U.S. sports media properties. In its 40-year history, the WBBC has developed into a leading sports TV attraction, drawing significant viewing audiences across 63 annual game broadcasts, culminating in a three-game Championship weekend (Final Four doubleheader plus Championship game) that routinely outdraws TV viewership for all other sporting events taking place in its event window, aside from the MBBC.

**Figure 2.0: Marquee Property Rating Declines – EXCEPT WBBC**

P2+ in Millions	2015	2016	2017	2018	2019	2015-19 % Change
WCCB Champ Game	3.1	2.3	3.8	4.0	3.9	28%
World Series	14.5	22.8	18.7	14.1	13.9	-4%
NHL Stanley Cup	5.6	3.9	4.7	4.8	5.3	-5%
Super Bowl	114.4	111.9	111.3	103.4	98.2	-14%
NBA Finals	19.9	20.3	20.4	17.6	15.1	-24%
College Football Playoff (Megacast)	34.1	26.2	25.2	28.4	25.3	-26%
MCCB Champ Game	28.3	17.8	23.0	16.1	19.7	-30%

*Source: P2+, Nielsen Media Research, as furnished by NCAA or Showbuzzdaily.com*

The WBBC is a valuable TV property for a wide variety of reasons:

### 2.1 AUDIENCE RATINGS DELIVERY

The WBBC brings a vast, reliable and attractive audience, year-after-year, even as general entertainment TV viewing continues a precipitous decline:

- The 2021 WBBC Championship game on ESPN -- a thrilling 54-53 victory for top-seed Stanford over Arizona -- averaged 4.1 million viewers, making it the most-viewed women's championship game since 2014.<sup>17</sup>
- The rating for the matchup of Pac-12 rivals was up 9% from the 2019 title game Notre Dame-Baylor, 3.7 million viewers (the 2020 Women's Championship was

<sup>17</sup> Nielsen Media Research, 2012 Champ game 2+ audience 4.2 million.

canceled because of COVID-19). The 2021 Championship game audience peaked in the final minutes with 5.9 million viewers.

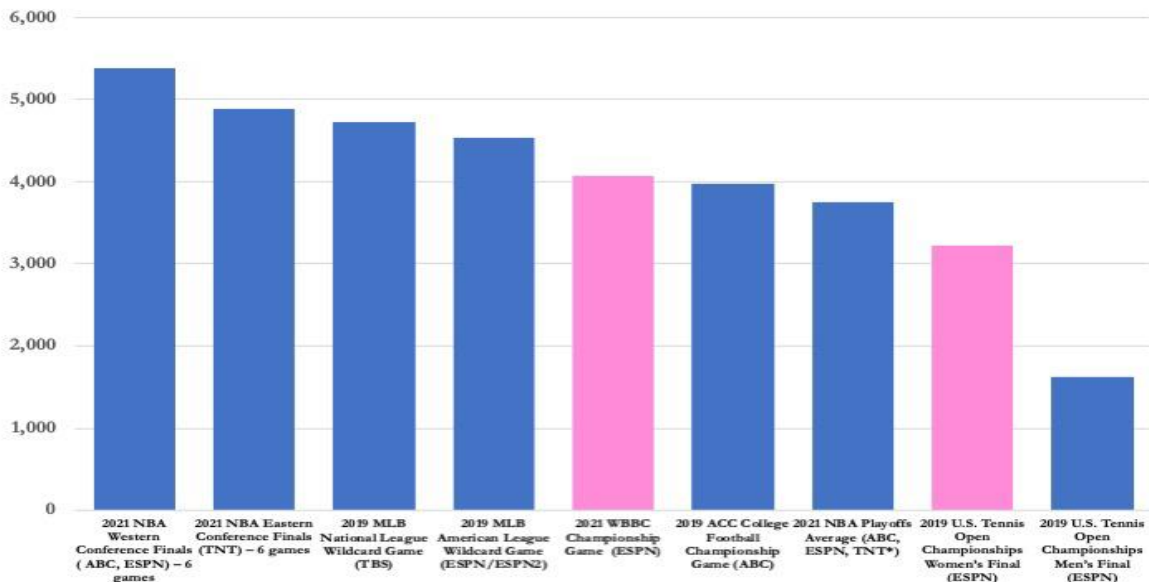
- Overall, this year’s Final Four weekend was the sport’s highest-viewed since 2012, drawing a three-game average of 2.9 million viewers, a 14% increase from 2019.<sup>18</sup>

This significant audience delivery and year-over-year growth is notable for at least two reasons: (1) it occurred during COVID-19, a period in which virtually all sports and live TV awards show ratings fell sharply, and (2) the Championship game featured two West Coast teams separated geographically by only 840 miles. This speaks to the built-in national interest in the WBBC.

## 2.2 AUDIENCE SIZE

The WBBC Final is among ESPN’s highest-rated programs other than NFL games and the College Football Playoff – delivering an audience on par with NBA Playoff Conference Finals, College Football Conference Championship Games and regular-season college football games, Major League Baseball Wild Card Playoffs, Men’s & Women’s Tennis Grand Slam Finals, and double the size of this year’s Duke vs. UNC regular-season rivalry basketball games.

**Figure 2.2: Marquee ESPN Properties (excl. NFL & CFP)<sup>19</sup>**



<sup>18</sup> In 2012, U.S. pay-TV subs hit their peak of just over 100 million and have declined 28% since. TechJury.net.

<sup>19</sup> Nielsen Media Research. MLB and NBA playoffs rotate between Turner and ESPN.

### 2.3 TOP WOMEN’S PROGRAMMING

The WBBC is the highest-rated women’s basketball event and frequently the highest-rated women’s sports event each year. Certain women’s sports competitions within the Olympics and the Women’s World Cup generate higher TV ratings, but these events only occur every four years. The WBBC significantly out-delivers the WNBA’s TV audience.

**Figure 2.3: Recent Top Women’s Sports Championships Live Games**

Rank	Network	Property	Total Viewership (000)
1	ESPN	WBBC Champ Game 2021	4,077
2	ESPN	US Open Tennis Women’s Final 2019	3,219
3	ESPN	Wimbledon Women’s Final 2019	2,440
4	NBC	USA Gymnastics Champs 2021	1,930
5	ESPN	NCAA Women’s College World Series 2021 Average	1,840
6	NBC	French Open Women’s Final 2021	954
7	ABC	NCAA Gymnastics Championships 2021	808
8	CBS	NWSL Challenge Cup 2021	653
9	ESPN	Australian Open Women’s Final 2021	464
10	ESPN	WNBA Finals 2020	446

*Source: Showbuzzdaily.com from Nielsen data P2+  
\*Excludes Bi-Annual Olympics & Quadrennial Events*

### 2.4 PRIME SCHEDULING CAPABILITY

The WBBC is a “tentpole event” on the sports calendar, in an otherwise quiet time of year – March and April – after football season but before the start of the NBA and NHL Playoffs. This is critical because in today’s sports media world, major changes are afoot. The traditional linear pay television (i.e., cable) “bundle,” the lynchpin of expanding sports rights fees over the past three decades, is shrinking both in terms of audience and revenue. As DTC (Direct to Consumer) streaming services like Netflix and Disney+ have grown quickly, the penetration of U.S. TV households has fallen to 66% in Q1 2021 from 79% five years ago.<sup>20</sup> Taking DMVPDs (Digital Multi-Channel Video Programming Distributors) and MVPDs together, the big bundle of linear TV

<sup>20</sup> Colin Dixon, *Pay TV big bundle blues hit vMVPDs in Q1 2021*, nScreenMedia (May 24, 2021), <https://nscreenmedia.com/pay-tv-big-bundle-blues-hit-vmvpds/>.

channels lost about 2 million homes in the first quarter of 2021. Meanwhile many young consumers have chosen not to subscribe to pay TV at all (“cord-nevers”). The pay TV industry has sought to counter these trends with more digital-friendly services featuring smaller programming bundles at lower prices. Known in the industry as DMVPDs, these new programming services are marketed through brands like YouTube TV, Hulu + Live TV, AT&T TV, and Sling. Today, approximately 13%<sup>21</sup> of vital pay-TV distribution comes through these services. These DMVPDs are triply handy for consumers versus traditional MVPD (cable and satellite operators) pay TV subscriptions because:

1. DMVPDs don’t require any hardware<sup>22</sup> in the home attached to a TV set or viewing device, or a satellite dish. A consumer only needs a high-speed data subscription to access a DMVPD.
2. A DMVPD subscription is portable (to a vacation home, for example).
3. DMVPD subscriptions can be cancelled at any time, meaning a football fan could sign up for ESPN during football season only.

Traditional cable/satellite MVPD agreements (available from companies such as Comcast, Charter (Spectrum), DIRECTV and Cox) typically either require the consumer to make a 1–2-year commitment or are otherwise difficult to terminate (because they package a variety of services to their customers, including video, high speed data and phone – i.e., a “Triple Play” plus e-mail addresses and service).

As a result, pay-TV networks like ESPN face an unstable distribution environment for the first time. Consumers are abandoning the once long-term MVPD packages and can cancel their DMVPD subscription at any time. The only answer for ESPN and the networks: acquire and keep “must-have” programming in every month of the year to retain subscribers. The NCAA Championships are ESPN’s only Championship events during March and April. The WBBC is clearly the highest-rated of those; the WBBC Final game is also most frequently ESPN’s single highest-rated program in those two months.<sup>23</sup>

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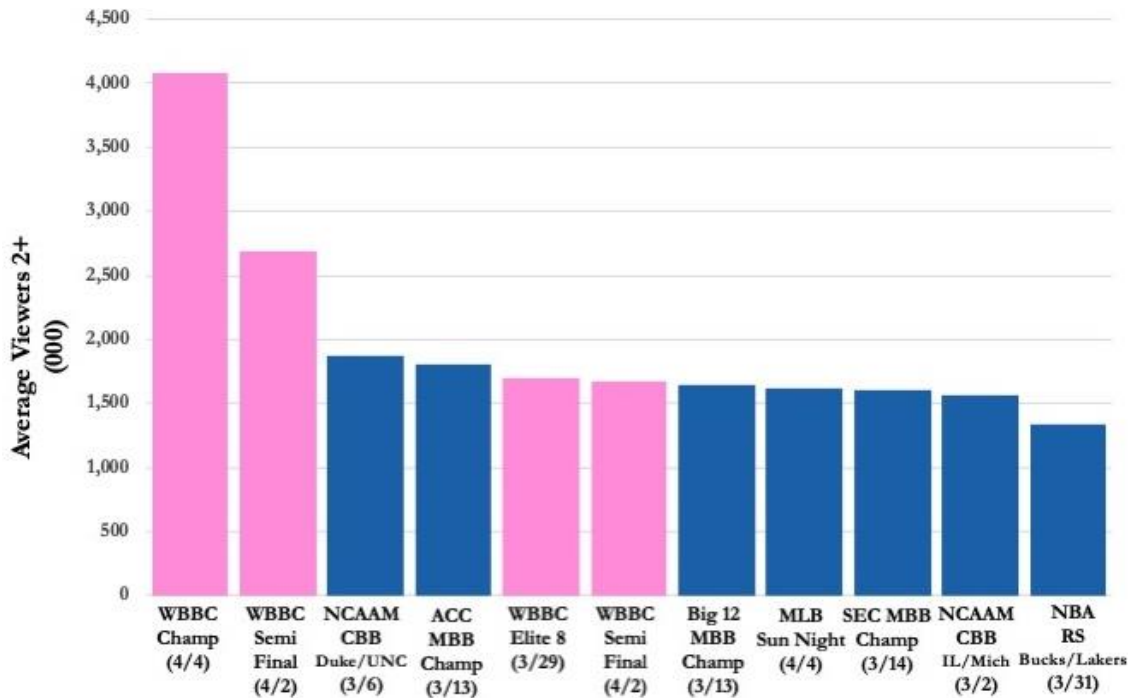
<sup>21</sup> *Ibid.*

<sup>22</sup> Viewers can either use a smart TV, or buy a very low-cost Amazon Fire stick, Google Chromecast or Roku adapter.

<sup>23</sup> ESPN carries the first two weekday rounds of the prestigious Masters golf tournament in April but not the tournament’s weekend third and final round coverage which CBS has.



**Figure 2.4: ESPN Top Programming- March 21- April 4, 2021**



Source: ShowBizDaily.com

Tentpole events like the WBBC are one-of-a-kind, distinctive and promotable, drawing substantially larger TV audiences than other sports properties – approximately 4 million average viewers age 2+ and older – and many more total viewers for a portion of the game. The WBBC is important for ESPN’s advertising and distribution affiliate revenue streams. Also, the WBBC’s high ratings provide a promotional platform for ESPN to promote its other upcoming programming at this time of year (such as the Masters, regular season MLB games, the NBA Playoffs and beginning in 2022, the NHL Stanley Cup Playoffs) plus help to sell subscriptions to ESPN’s DTC service ESPN+. The value of the over 130 live WBBC hours has become even more critical for ESPN, as its extensive TV news and information programming (such as “SportsCenter”) declines in viewership and perceived significance, with fans increasingly getting their sports news and highlights from their phones and via Google or social media channels like Twitter and Instagram instead of ESPN TV programs.

## 2.5 STREAMING RIGHTS ARE A WILDCARD

The WBBC represents a significantly valuable asset, as the sports TV industry, including ESPN, moves to more DTC streaming and packaging. Today, a sports fan cannot watch the WBBC without purchasing a linear pay-TV subscription that includes ESPN. To try to reach “cord-cutters” and “cord-nevers,” more TV networks have created DTC subscription services that stream programming, including sports, such as ESPN (ESPN+), NBC (Peacock), CBS (Paramount+), WarnerMedia (HBO Max) and independents like DAZN and FloSports. ESPN still separates content available through the company’s traditional MVPD and DMVPD distributors (the ESPN linear

networks such as ESPN and ESPN2 and its ESPN3 streaming service [a digital service only available if you subscribe to an “authenticated”<sup>24</sup> pay-TV service] which include NFL Monday Night Football and the College Football Playoff among other attractions) from content that it offers on its ESPN+ DTC subscription service (such as UFC cards, MLS out-of-market games, and La Liga and Bundesliga matches not found on its linear networks). Thus, as a big fan, one must purchase ESPN twice (the linear pay-TV package and ESPN+) to get all of ESPN’s programming today.

ESPN faces increasing pressure in at least two ways: (1) heightened competition for sports rights from competitive streaming services such as Paramount+, Peacock, HBO Max, Amazon Prime, DAZN, FloSports and Sinclair (which is raising \$250 million for a new service that would stream its Regional Sports Network local pro telecasts and other games beginning in 2022);<sup>25</sup> and (2) the need to serve its content to the biggest possible audiences as its pay-TV and cord-never viewers increasingly do not overlap. The potential inability to reach younger audiences is critical for ESPN and other pay-TV networks as: (1) it negatively impacts ad sales (ESPN’s advertisers need to reach young viewers, as advertising is ESPN’s second biggest source of income; pay-TV affiliate fees is by far number one—see Section 7.9); (2) it lessens the strategic imperative for sports rights holders to license their games exclusively to ESPN (because they view the network as less of a vehicle to reach all sports fans, especially younger ones); and (3) it provides the incentive for rights holders to take their games directly to consumers themselves, bypassing ESPN altogether.

As a result, in its most recent rights agreements,<sup>26</sup> ESPN is currently negotiating the ability to offer all of its programming via DTC (potentially a harbinger of having one “ESPN” service that includes all of its sports rights currently on both its linear networks and ESPN+). For all potential linear and digital streaming service bidders (including ESPN), the WBBC is a very desirable property because it represents a compelling reason for millions of sports fans to maintain their pay-TV subscription and/or subscribe to (or not churn from) a DTC service during March and April, two of the otherwise quietest months in sports and non-football season.

## 2.6 UNIQUE SPONSORSHIP POTENTIAL

Befitting of a tentpole event, the WBBC is growing as a platform for marketers. A record seventy-seven (77) advertisers (17 new in 2021) bought advertising time on ESPN’s WBBC telecasts this year including the NCAA’s three Corporate Champion sponsors (Capital One, AT&T and Coca-Cola) plus others like Nike, Chevrolet,

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<sup>24</sup> Confirming that a subscriber has pay-TV service currently active and paid for, and thus is legitimately able to access the stream of the network feed via a mobile device, laptop, computer, smart TV or tablet.

<sup>25</sup> David Bloom, *Sinclair Raising \$250 Million For Sports-Focused Streaming Service*, Forbes (June 14, 2021), <https://www.forbes.com/sites/dbloom/2021/06/14/sinclair-raising-250-million-for-sports-focused-streaming-service/?sh=5d872c001b1b>.

<sup>26</sup> John Ourand, *SBJ Media: Top execs prepared for linear TV to take back seat*, Sports Business Journal (June 14, 2021), <https://www.sportsbusinessjournal.com/SB-Blogs/Newsletter-Media/2021/06/14.aspx>.

Verizon, State Farm, L'Oréal and Peloton.<sup>27</sup> (See Section 6 for more-Corporate Champions & Partners Program Adjustments suggestions.)

## 2.7 SPORTS BETTING

The NCAA has a strict policy on sports betting, which dates back to well before the recent U.S. Supreme Court decision which legalized it.<sup>28</sup> Nonetheless, as legalized sports and mobile betting has spread state-by-state through the U.S., the WBBC represents a property with additional growth potential among bettors and of interest to those marketers looking to reach bettors and prospective bettors. We recognize the rationale for the NCAA's historic position on gambling and take no position on that here. We just believe we would be remiss not to raise the issue in the context of a broad review of the media strategy. To the extent that the NCAA wishes to look at new opportunities to generate revenue as the industry evolves, this could be another possibility to consider. The MBBC is one of this country's two most wagered-on sporting events along with the Super Bowl; the total amount bet ("handle") for the 2021 MBBC is estimated at \$1 billion. Events like the MBBC and WBBC benefit from having several games to wager on, some occurring simultaneously. The conventional wisdom is that the more people who bet on a sporting event, the more will watch and potentially watch longer. Betting activity on the WBBC is reported to be a fraction of the MBBC, but it is growing, and there is additional opportunity here to consider.<sup>29</sup>

Although the NCAA forbids betting advertisements<sup>30</sup> in its Championship event telecasts, legal betting platform companies like DraftKings, FanDuel, Caesars, MGM and Bally's all seek to reach the NCAA Championship's viewing audience and would favor purchasing any available adjacent commercial advertising inventory on the broadcast rights holder's TV and digital properties. This category provides additional potential upside to future broadcast revenues should the NCAA permit it in the future.

Today, the most valuable sports rights holders derive considerable value from the growth of sports betting. There is heightened competitive bidding from sports data companies such as Sportradar, Genius Sports, Stats Perform and IMG Arena for exclusive and non-exclusive rights to distribute official league data and advanced (real-time) data and other services to media companies, legalized betting establishments and others. The NFL and Genius Sports recently reached an agreement reported to be worth \$120M annually to the NFL.<sup>31</sup> In addition, lucrative sponsorship and marketing

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<sup>27</sup> Sally Jenkins, *The NCAA's Shell Game Is The Real Women's Basketball Scandal*, The Washington Post (May 25, 2021), <http://www.washingtonpost.com/sports/2021/03/25/ncaa-women-basketball-tournament-revenue/>.

<sup>28</sup> Sports Wagering, NCAA (last visited August 1, 2021), <https://www.ncaa.org/enforcement/sports-wagering>.

<sup>29</sup> Interest in betting on women's basketball is growing, witness the 2021 WNBA All-Star Game. Avery Yang, *WNBA All-Star Game Total Finishes Under Even After Historic Line Movement*, Action (July 14, 2021), <https://www.actionnetwork.com/wnba/why-wnba-all-stars-team-usa-total-dropped-60-points-july-14>.

<sup>30</sup> Sports Wagering, NCAA (last visited August 1, 2021), <https://www.ncaa.org/enforcement/sports-wagering>.

<sup>31</sup> Sam Carp, *NFL and Genius Sports strike 'US\$120m a year' data distribution deal*, SportsProMedia (July 22, 2021), <https://www.sportspromedia.com/news/nfl-genius-sports-data-distribution-betting-sportradar>.

partnerships around this branded rights holder data are expanding – examples include Amazon Web Services’ sponsorship of NFL Next Gen Stats.

## 2.8 INCREASED ESPN EXPOSURE

ESPN has recognized the growing appeal of the WBBC by steadily increasing its exposure (amount and quality of airtime devoted to coverage). For the first time in 2021, ESPN separately broadcast each of the WBBC’s 63 games nationally via its linear TV networks.<sup>32</sup> Previously, ESPN had “regionalized” the distribution of most early-round games (showing certain games in parts of the country and other games elsewhere at the same time – as CBS and Fox do with the NFL on Sunday afternoons).<sup>33</sup> ESPN’s increasing game count and exposure for the WBBC is a strong indication of its recognition of the event’s growing value.

## 2.9 DESIRABILITY

This expanding live linear coverage is also a reflection of the WBBC’s authentic and growing endemic appeal:

1. **WBBC is a true U.S. national championship.** Women’s college basketball is played all across the U.S. and regularly features elite teams from every region of the country such as UConn (East), South Carolina (South), Baylor (Southwest), Notre Dame (Midwest), Tennessee (South Central), Washington (Northwest) and defending champion Stanford (West Coast). As leading American universities, these schools are among the best-known sports “brands” in the country, drawing on a collectively huge alumni base and generating year-in, year-out rooting interest for millions of sports fans.<sup>34</sup> The evergreen nature of sports fandom and the sequential viewing of top sporting events (the WBBC’s 63 exposures provide a reason for sports fans to watch across two calendar months, over three straight weeks and on 10 specific viewing days), each and every year, is a critical part of the unique value of sports media rights. It is like three seasons of a reality TV show packed into three weeks. Even the most popular TV entertainment shows (such as “Friends”) rarely last more than ten seasons. And, because of the success and influence of Netflix, a large number of the most popular entertainment shows produced today:

- Are only available through DTC pay subscription streaming services (further weakening the appeal of linear pay-TV but raising the value and relative importance to linear pay-TV of premium sports content like the WBBC to add and maintain subscribers); and

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<sup>32</sup> ESPN had planned to do so in 2020 as well, prior to the cancellation of the event due to COVID-19.

<sup>33</sup> Sally Jenkins, *The NCAA’s Shell Game Is The Real Women’s Basketball Scandal*, The Washington Post (May 25, 2021), <https://www.washingtonpost.com/sports/2021/03/25/ncaa-women-basketball-tournament-revenue/>.

<sup>34</sup> NCAA Media Consultant’s Report July 2020.

- Can be “binge-watched” all at once, raising the risk of subscribers churning if DTC streaming services don’t also begin to include popular serialized sports programming such as the WBBC.
2. **It is compelling sports content.** The WBBC is all single-elimination, “won-and-done,” playoff games – the most dramatic format in team sports. It crowns one single champion each year, with competition, tension and expectation building each round, constantly elevating performance, culminating in the highly-rated Championship game. The single-elimination format is also a distinguishing characteristic, elevating the WBBC over other popular NCAA Championships such as Women’s Softball and the Men’s College World Series, which are less dramatic double-eliminations, with a best-of-three finals format. It is worth noting that both Major League Baseball (with its Wild Card Playoffs) and the NBA (with its Play-In Tournament) have both recently added single-elimination games to their Playoffs to build drama and add value to their media rights – features already built into the WBBC.

**Figure 2.9: WBBC Viewership 5 Seasons Gross Impressions+48%**

(ESPN, ESPN2, ESPNU)	2015	2016	2017	2018	2019	2021
<b>Total Tournament Average Audience (000)</b>	716	695	737	764	677	<b>542</b>
<b># of National TV Windows</b>	32	32	32	26	33	<b>63</b>
<b>Total Impressions in Millions</b>	23	22	23	20	22	<b>34</b>

*\*2020 - Covid cancelled tournament*

*Source: Nielsen Media Research, Persons 2+, Live SD*

3. **It features year-to-year continuity among the leading players and teams.** Because the WNBA does not accept players until they are 22 years old, the top women’s college basketball players typically will play for their schools for the entire four years until graduation, making the sport more “investable” for fans, media partners and marketers. As of the date of this report, UConn guard Paige Bueckers, the first freshman to ever win the AP National Player of the Year, has 900,000 followers on Instagram, more than the twenty 2021 Men’s Final Four starters combined.<sup>35</sup> Bueckers will return

<sup>35</sup> Lev Akabas & Cora Veltman, *March Madness Daily: Paige Bueckers and UConn Lead Social Media Growth*, Sportico (Apr. 3, 2021), <https://www.sportico.com/leagues/college-sports/2021/uconn-paige-bueckers-social-media-29> | © 2021 Desser Sports Media, Inc.

this fall for her sophomore year and will likely be the nation's best-known college basketball player (male or female). Then, Bueckers is expected to play an additional two years and by the time she graduates will have likely helped to extend UConn's NCAA Championship participation streak to 35 consecutive years. Contrast Bueckers' experience with men's basketball star Zion Williamson who enrolled at Duke University in the summer of 2018, stayed two semesters to play his freshman year, and then left school and was drafted #1 in the 2019 NBA Draft. Zion's "one-and-done" stint at Duke is the norm among elite men's college basketball players.

4. **Continuity yields Star Power.** In sports, continuity of excellence tends to have a cumulative effect. Over time, fans associate events like the WBBC with the great teams, players, coaches, games, and moments that happen every year. Championships create legacy interest among families and friends, which makes the event even more popular. It is worth noting that the 2021 U.S. Olympic Women's Basketball Team is comprised of 16 players – four from UConn, two from Notre Dame and South Carolina and one each from LSU, Louisville, Rutgers, Tennessee, Texas, Stanford, UCLA and Washington – 13 of whom played in the WBBC's Final Four (many several times) and all of whom now play in the WNBA. NBC announced the team nationally on the "Today Show" on June 21, an excellent promotional platform example.
5. **Women's college basketball continuity contrasts favorably with Men's.** The MBBC lost TV viewership and the Men's college basketball regular season TV ratings have been hard hit since the inception of the NBA's early entry rules in July 2005, which stipulated players entering the NBA must be at least 19 years of age and at least one year removed from the date of their high school class graduation. Originally, the NBA's rule change was viewed as a potential improvement for men's college basketball because previously the NBA could not prevent players from joining as soon as they had completed high school. The practical effect, however, (see the Zion Williamson example above) has been the negative "one-and-done" scenario, with virtually all of the very best, most marketable, men's college basketball players opting for the NBA after just two college semesters. This development has robbed college basketball of much promotable continuity in terms of the biggest players and teams, year-to-year, during the regular season and MBBC. In practical terms, the sport has to re-create its stars every year and fans can no longer count on following the career of a talented freshman through his senior year. This means Men's Basketball relying more on the school's brand, the coach, and the conference, and less on the players. The male college basketball equivalent of Paige Bueckers is "one-and-done."

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1234626500/; Paige Bueckers (@paigebueckers), Instagram (last visited July 30 2021), <https://www.instagram.com/paigebueckers/>.

6. **The WBBC is following a growth trajectory similar to the one the MBBC experienced years earlier.** Distinguished early by the brilliance of UConn (which has won 11 titles), the WBBC is increasingly competitive with four separate schools from different regions of the country and multiple major conferences (Stanford, Baylor, Notre Dame and South Carolina; Pac-12, Big 12, ACC and SEC) having each captured the title since 2017. This is just one example of how the WBBC is following in a similar growth trajectory to the MBBC, whose history is more than twice as long (the MBBC began 83 years ago; the WBBC 40 years ago). Similar to the WBBC with UConn, the Men's Championship was dominated by UCLA during its first 40 years (the Bruins won 10 titles including seven in a row from 1967-1973). The TV viewership and general awareness for the MBBC expanded significantly after the Bruins' dynasty ended.<sup>36</sup>

For that, there are at least two reasons: (1) Fans and the media became convinced that a wider, ever-changing group of teams including Cinderella's (like North Carolina State in 1983, Villanova in 1985 and Kansas in 1988) could compete and capture the title. (Although they didn't win, Loyola (Chicago) cracked the Final Four in 2018 and Butler made back-to-back appearances in the Championship game in 2010-2011, reinforcing and perpetuating the "anything can happen" reputation of the event.);<sup>37</sup> and (2) Cable TV and ESPN specifically emerged, providing much broader and comprehensive coverage for regular season men's and women's college basketball in general and the MBBC specifically from 1980-1987. The same dynamic is at play with increased exposure and TV ratings for the WBBC. Now, not only are ESPN and pay-TV a factor in the growth of the WBBC (and the MBBC), but so are the internet, social media and streaming.<sup>38</sup>

7. **The WBBC is becoming more competitive,** attracting more and more popular collegiate athletic programs and thus more fans and viewers. It is benefiting from a virtuous cycle of increasing viewership and exposure. Now, top collegiate athletic programs (especially those with Power Five conference Football programs) have increased their investment in women's basketball because they recognize the visibility and promotional platform it offers. In fact, 22 of ESPN's 2021-2022 pre-season Top 25 Women's Basketball teams

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<sup>36</sup> Co-author Ed Desser memorably attended dozens of these UCLA basketball games growing up in Los Angeles during this period.

<sup>37</sup> See MBBC Ratings Chart Figure 2.0 above.

<sup>38</sup> Kimberly Elchlepp, *Women's Championships Cap Impressive Season of Growth across ESPN Networks with Women's College World Series*, ESPNPressRoom (June 14, 2021), <https://espnpressroom.com/us/press-releases/2021/06/womens-championships-cap-impressive-season-of-growth-across-espn-networks-with-womens-college-world-series/>.

are from College Football Power Five schools.<sup>39</sup> In the past 10 years, well-known national programs like Notre Dame, South Carolina, Baylor, Mississippi State, Maryland, Texas A&M, Oklahoma, LSU and Washington have all emerged as WBCF Final Four teams. Expanded investment in women's college basketball is exemplified in head coaching salaries. LSU recently hired former Baylor coach Kim Mulkey to an 8-year, \$22 million agreement to coach the Lady Tigers.<sup>40</sup> This year's Final Four qualifier the University of South Carolina paid its women's basketball coach Dawn Staley a larger salary, \$650,000, than the University of Michigan pays its men's basketball coach, Juwan Howard, \$400,000, and considerably higher bonuses for reaching (\$200,000 vs. \$125,000) and winning (\$400,000 vs. \$175,000) the Final Four.<sup>41</sup>

8. **The connection between fans and the leading women's college basketball players is strengthened by their significant social media following**, which in many cases exceeds their male college basketball counterparts. In addition to Paige Bueckers' following on Instagram, with the exception of Gonzaga star Jalen Suggs (now up to 464,000 followers), the other 19 Women's Basketball Final Four starting players have more followers than the other 19 Men's Final Four starters. Oregon's Sedona Prince, whose TikTok video (2.5 million followers) helped start the current dialogue about the discrepancies between the Men's and Women's Basketball Championships, has 246,000 followers.<sup>42</sup>

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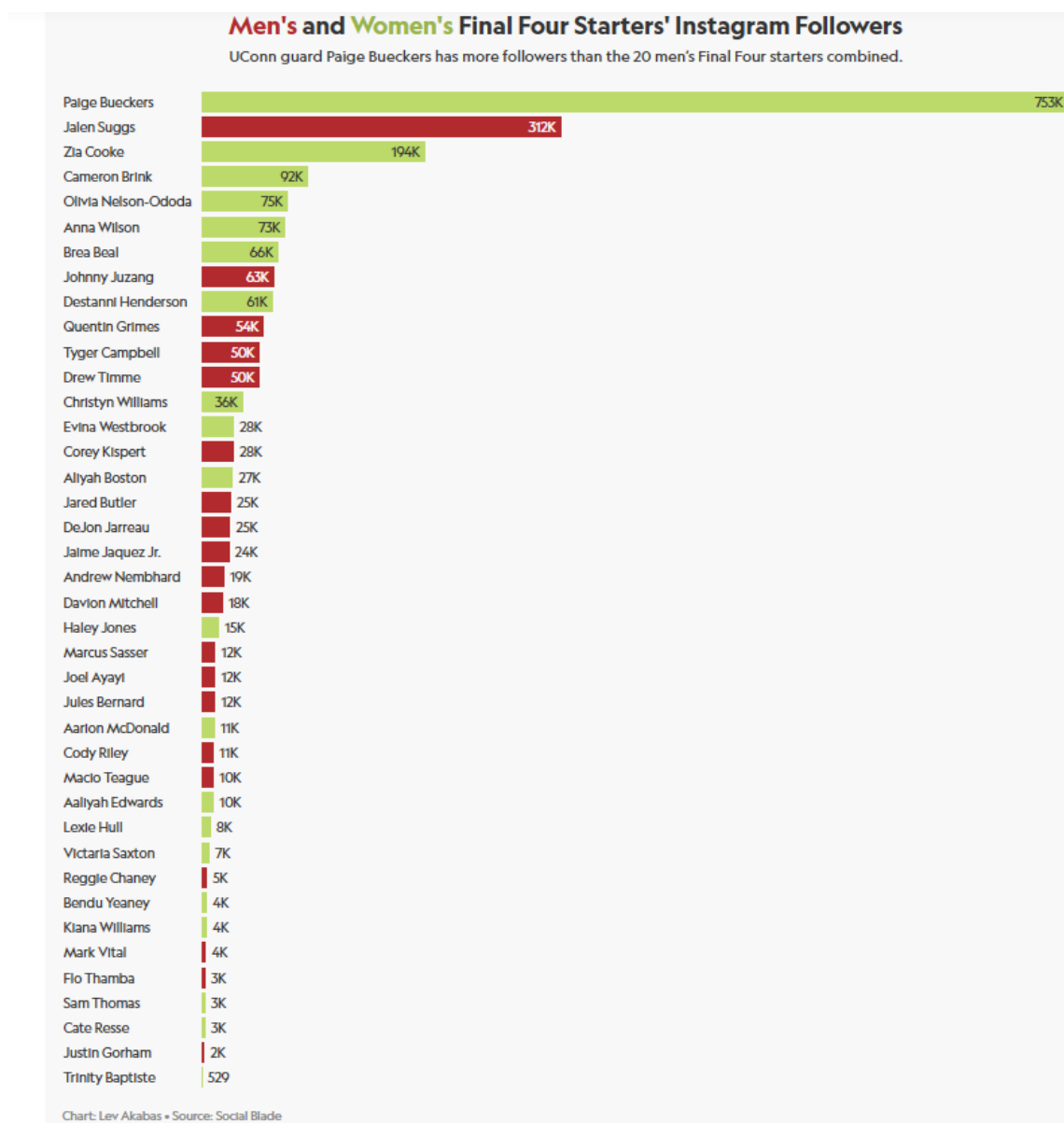
<sup>39</sup> Charlie Crème, *Women's college basketball's Way-Too-Early Top 25: UConn reigns while South Carolina looms*, ESPN (Apr. 4, 2021), [https://www.espn.com/womens-college-basketball/story/\\_/id/31184173/women-college-basketball-way-too-early-top-25-uconn-reigns-south-carolina-looms](https://www.espn.com/womens-college-basketball/story/_/id/31184173/women-college-basketball-way-too-early-top-25-uconn-reigns-south-carolina-looms).

<sup>40</sup> Falon Brown, *LSU paying Kim Mulkey about \$2.5M in her first year as coach*, WBRZ2 (Apr. 28, 2021), <https://www.wbrz.com/news/lsu-set-to-pay-kim-mulkey-2-5-million-in-first-year/>.

<sup>41</sup> Emily Caron, *March Madness Daily: Juwan Howard Vs. Dawn Staley Money Matchup*, Sportico (Mar. 27, 2021), <https://www.sportico.com/leagues/college-sports/2021/march-madness-juwan-howard-dawn-staley-contract-money-1234625849/>.

<sup>42</sup> Lev Akabas & Cora Veltman, *March Madness Daily: Paige Bueckers and UConn Lead Social Media Growth*, Sportico (Apr. 3, 2021), <https://www.sportico.com/leagues/college-sports/2021/uconn-paige-bueckers-social-media-1234626500/>.





Source: April 3, 2021 <https://www.sportico.com/leagues/college-sports/2021/uconn-paige-bueckers-social-media-1234626500/>

**9. The arrival of NIL rights for student athletes in July 2021<sup>43</sup>** and the strong and growing visibility of women’s collegiate athletes on social media platforms augurs well for the increased value of the WBBC as well as the other NCAA Women’s Championships.

<sup>43</sup> Dennis Dodd, *NCAA pushing to adopt name, image and likeness rules before July 1 after Supreme Court decision clears way*, CBS Sports (June 22, 2021), <https://www.cbssports.com/college-football/news/ncaa-pushing-to-adopt-name-image-and-likeness-rules-before-july-1-after-supreme-court-decision-clears-way/>; *Cavinder twins show NIL success possible across college sports*, Sports Business Journal (July 8, 2021), <https://www.sportsbusinessjournal.com/Daily/Issues/2021/07/08/Marketing-and-Sponsorship/Cavinders-NIL.aspx>.

## 3 UNDERVALUED RIGHTS

The WBBC is part of a programming package the NCAA has licensed long-term to ESPN. We believe it is substantially undervalued from a sports rights fee perspective.

### 3.1 CURRENT RIGHTS LANDSCAPE

Before discussing why the WBBC is undervalued, we want to put the sports rights valuation environment into context:

#### 3.1.1 Sports Media Evolution

The Sports Media world has changed dramatically since the CBS/Turner MBBC renewal was negotiated in 2016 and particularly more so since the last NCAA Other Championships agreement with ESPN was extended in 2011. Over the past decade, the typical annual rights payments for the leading professional major league and college conference packages have roughly doubled.<sup>44</sup>

Not only has the core value of the WBBC increased for all of the reasons set forth in prior sections, but the marketplace for sports rights has grown as well. There are more potential bidders for high-quality branded live sports than ever before. Because of a variety of factors, including but not limited to, the rise of streaming and direct-to-consumer services, the decline of traditional linear TV and the advent of legalized sports betting, these bidders have stronger motivations to harness the power of live sports to build their networks, platforms and businesses.

With the growing array of alternative distribution partners, it is even more vital to have competitive bidding in order to achieve fair market value in rights fees for the WBBC and NCAA Other Championships.

#### 3.1.2 Growing Importance of Streaming

Streaming rights for sports properties are now even more critical as the media business continues to morph from linear pay-TV (where powerful “middlemen” services like ESPN, CBS & Turner networks [TNT, TBS, TruTV] acquire valuable programming, bringing value as part of a bundled TV service delivered by Comcast, DIRECTV, Spectrum and others) to a hybrid model with Direct to Consumer (DTC) distribution (where the consumer can more specifically purchase some of the programming that he or she wants, increasingly straight from the rights holder, such as NFL Sunday Ticket, instead of from the “middleman” rights aggregator like ESPN or FOX). In addition to traditional

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<sup>44</sup> The NBA went up 2.5x from \$900M/year to \$2.5B/year in the last deal, and the NHL will earn about \$625 million a season off the new combined ESPN/Turner deals, more than double its current NBC \$300 million annual, in a deal reached just months ago. Geoff Baker, *Here's What the NHL's TV Deals with ESPN, Turner May Mean for the Kraken and the Rest of the League*, Seattle Times (Apr. 30, 2021), <https://www.seattletimes.com/sports/kraken/heres-what-the-nhls-tv-deals-with-espn-turner-may-mean-for-the-kraken-and-the-rest-of-the-league/>.

network players (ESPN, Fox, NBC, CBS and Sinclair RSNs), a new group of technology companies like Amazon, YouTube, Twitter, and Facebook, DAZN and FloSports (all of whom bid for live sports rights), Netflix (so far just for sports documentaries such as “Formula 1: Drive to Survive”) have entered the sports media market looking to supplement or dislodge the entrenched incumbents. Sports has long been harnessed to drive the adoption of new technology platforms like cable, satellite, augmented reality (e.g., 1<sup>st</sup> and 10 marker for football) and HDTV. NBC is live streaming Men’s Olympic Basketball this month exclusively to Peacock pay subscribers, and will soon offer one NFL game per year exclusively on the service. Amazon, specifically, has begun to pay substantial FMV to acquire high-end sports rights both in the U.S. (it committed to pay \$11 billion for exclusive NFL Thursday Night Football rights from 2023-2032 and bought out FOX’s final contractual TNF season in order to start streaming these games one year early in 2022) and internationally (including top international football rights such as EPL, Ligue 1 and Ligue 2 and Champions League). In a sign of the growth for women’s basketball, Amazon, Facebook, Twitter, and Paramount+ are all streaming WNBA games this season.

The launch of DTC streaming services has further ignited increases in U.S. sports rights as the leading new DTC services have moved rapidly to acquire valuable programming that is viewable only on their respective platforms – examples include ESPN+’s acquiring UFC, La Liga and Bundesliga rights plus certain NHL games (and making these available only on ESPN+, not on the ESPN linear TV networks); and similarly, Paramount+ (parent company ViacomCBS) purchasing UEFA Champions League soccer rights (not to be made available on CBS TV). NBC also moved EPL matches to its Peacock DTC service and off of its NBC Sports Network linear TV channel.<sup>45</sup>

Streaming is also creating an international market for sports rights, led by Amazon. Today, there are currently about 650 million “over-the-top” (non-linear pay-TV) DTC subscribers worldwide. International football (Soccer) and basketball are the world’s two most popular sports. We believe this creates a more significant opportunity for the NCAA with the WBBC’s international TV rights in future negotiations, and our “sum of the parts” valuation in section 7.8 addresses this point.<sup>46</sup>

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<sup>45</sup> Kevin Draper, *NBC Sports Network Will Shut Down to Bolster Peacock Streaming Service*, N.Y. Times (Jan. 22, 2021), <https://www.nytimes.com/2021/01/22/sports/nbc-sn-shutting-down.html>.

<sup>46</sup> Brandon Katz, *1.25 Billion Streaming Subscribers by 2024, New Forecast Suggests*, Observer (Mar. 30, 2021) <https://observer.com/2021/03/netflix-disney-amazon-streaming-growth-projection/>. International rights are included in the NCAA’s grant to ESPN for the Other Championships.

### 3.1.3 Linear/Streaming Distribution Balance

All linear TV sports bidders will likely negotiate for the rights to move sporting events in toto to streaming platforms; this is worth a premium in today's market, though it could result in diminished exposure for some NCAA events. We do not recommend a wholesale shift from linear TV to streaming at this time, as broad distribution remains critical to reach fans and expand interest in the WBBC and the NCAA's Other Championships. However, the NCAA will need to find a good balance between traditional linear and newer streaming distribution going forward in order to continue growing revenues. The money available and audiences reachable from the traditional linear ecosystem appear to have essentially peaked and, we believe, are now going to start/continue to decline in future years.

### 3.1.4 Standalone Championship

We believe the NCAA would generate considerably more value for the WBBC media rights if it separates them from the NCAA's Other Championships. Doing so would open the door to more spirited competitive bidding by networks and platforms for at least two reasons:

- The WBBC is a very attractive, growing property on its own.
- As a standalone, the Women's Championship would represent a far easier media rights commitment than also producing, scheduling, selling, promoting, and distributing 28 Other Championships, as ESPN does currently.

### 3.1.5 Exclusivity

The NCAA, like all other sports rights holders today, also needs to reconsider its historical assumptions and practices around media exclusivity in order to gain access to young audiences via social media and alternative distribution platforms. This means that exclusive rights granted to TV networks must have narrower parameters, especially as it relates to in-progress and post-event highlights and event access. There are at least two reasons:

1. The NCAA needs to reach key audiences, mostly younger viewers, who are not now, and may never be, in the pay-TV ecosystem ("cord nevers").
2. We see significant, lucrative partnership opportunities for the WBBC with Facebook/Instagram, Twitter, Snap, TikTok and Google/YouTube, with still more services likely to emerge over time.

### 3.1.6 One March Madness

Considering the success of elite men's and women's properties like the Olympics, World Cup, and Tennis Grand Slams, there is solid reason to believe that the WBBC could be elevated in its presentation and ultimate value. When

ESPN carries the U.S. Open Tennis Championships, men's and women's competitions are presented and promoted with equal quality and resonance, especially during the semifinals and finals. For instance, ESPN presents and promotes a Serena Williams match on center court exactly like it does a Roger Federer match on center court. A similar effort starts with the NCAA and its broadcast partners using the "March Madness" brand for both the MBBC and the WBBC.

### 3.2 DIVIDED ENTITIES

The NCAA's historic decision to sell the MBBC and WBBC media rights separately has exacerbated the difference in value between the Men's and Women's events:

- Media rights to the MBBC is part of an agreement with CBS/Turner that also, crucially, awards the two networks the rights to sell and market all the NCAA's official Corporate Champions and Partners for all Championships, not just for the MBBC. The last CBS/Turner MBBC agreement, struck in 2010 (which was later extended to 2032), paid the NCAA an average annual rights fee of \$770 million. The extension, signed in 2016, increased the average annual rights payment by 43% to \$1.1 billion, part of an 8-year agreement valued at \$8.8 billion.<sup>47</sup>
- Media rights to the WBBC are part of the broader NCAA Other Championships agreement with ESPN, signed for 14 years and approximately \$500 million<sup>48</sup> in 2011 (average annual value, ending in 2024: \$34 million). The 2011 extension marked more than a doubling in annual rights from the previous deal's average annual rights payment struck in 2001.<sup>49</sup>
- Back in 2001, it was logical that the NCAA decided to offer the WBBC in a package with 20 other NCAA Championships (including international rights to all the Championships, but not the domestic rights to the MBBC) to ESPN. This agreement came prior to the launch of NBCSN, FS1 and FS2, individual college conference national networks like the Big Ten Network, SEC and ACC Networks, Pac-12 Networks and Sinclair Broadcasting (Diamond Sports), a sports powerhouse through its purchases of the Tennis Channel

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<sup>47</sup> Cork Gaines & Diana Yukari, *The NCAA Tournament is an Enormous Cash Cow as Revenue Keeps Skyrocketing*, Business Insider (Mar. 17, 2017), <https://www.businessinsider.com/ncaa-tournament-makes-a-lot-of-money-2017-3>.

<sup>48</sup> Rachel Bachman, et al., *NCAA Withheld Use of Powerful 'March Madness' Brand From Women's Basketball*, The Wall Street Journal (Mar. 22, 2021), <https://www.wsj.com/articles/march-madness-ncaa-tournament-womens-basketball-11616428776>.

<sup>49</sup> Welch Suggs, *ESPN to Pay NCAA \$200-Million for 11-Year Deal to Broadcast Championships in 21 Sports*, The Chronicle of Higher Education (July 27, 2001), <https://www.chronicle.com/article/espn-to-pay-ncaa-200-million-for-11-year-deal-to-broadcast-championships-in-21-sports/>.

and the 21 Fox regional sports networks. ESPN was the NCAA's natural media partner because ESPN alone had the "real estate" – the most and most-widely distributed, highest-profile linear pay TV networks ("The Worldwide Leader in Sports") as well as ESPN.com, the most-trafficked digital destination among sports media companies. ESPN had the platforms, the marketing clout, and national scheduling hours to fill – and the imperative to deliver a growing number of popular live events each year to satisfy its lucrative pay TV affiliate distribution agreements. And because of ESPN's position as the nation's top sports media company, few in the NCAA community would complain that ESPN was not a suitable partner. The long-term NCAA-ESPN partnership for the Other Championships has had many benefits for both companies including broad and growing distribution for the NCAA Championships in general and expanding popularity for many led by the WBBC (but also including the College World Series, the Women's College World Series, The Frozen Four, Wrestling, Gymnastics and Lacrosse Final Four).

- Because of the number of different sports and scale of event hours, the NCAA Other Championships package has always been an obvious and perfect fit for ESPN, **and ESPN only** – and not for any other major sports media company. Perhaps for that reason the NCAA has not materially changed the contents of the original 11-year deal it signed with ESPN in July 2001. The parties extended the agreement for another 14 years and expanded it to cover a total of 29 Championships up from 21. Thus, over the past two decades, the media rights to all major NCAA Championships, other than the domestic rights to the MBBC, have never been open to competitive bid – the single most important negotiating tactic the NCAA could have used in order to assure that it was receiving fair market value for its property.

While we do not know if they would be interested, it is our opinion that were CBS/Turner to carry both the MBBC and WBBC they could create considerably more value via synergy:

- They would drive more NCAA Corporate Partners and Champions to market and advertise in both events.
- They would sell advertising to the WBBC at a considerably higher CPM (cost-per-thousand) rate, leveraging access to the Men's event in order to get higher rates for the Women's.
- They would schedule and cross-promote the WBBC more optimally (no more head-to-head games versus the MBBC); and

- As they built even greater interest in the WBBC, they would effectively enhance the MBBC as well.

### **3.3 EXPIRING “OTHER CHAMPIONSHIPS” DEAL**

In 2023-24, the final year of the NCAA’s Other Championships agreement with ESPN (which includes the WBBC), the average annual value of that deal, which spans from 2010-2024, will be worth approximately 4.5% of the MBBC agreement with CBS/Turner over the same time period.<sup>50</sup>

### **3.4 WBBC GROWTH AGAINST INDUSTRY TIDE**

TV viewership for the WBBC is growing while the MBBC viewing, like practically all other sports programming, has declined:

#### **1. 2019 Men’s & Women’s Championship Games**

In 2019, the WBBC Championship game between Baylor and Notre Dame drew 3.7 million viewers on ESPN, up 4% from the previous year (Notre Dame-Mississippi State), also on ESPN. In 2019, the MBBC Championship game between Virginia and Baylor on CBS reached 19.6 million viewers (down 15% from the previous NCAA Men’s Final, North Carolina-Gonzaga, on CBS in 2017 (cable networks TNT, TBS, & TruTV carried the 2018 Men’s Final on pay-TV, making the audience comparison apples and oranges). While the 2019 Men’s Final drew roughly six times more TV viewers, the Men’s media rights deal earned the NCAA nearly 100 times the revenue based upon an NCAA’s consultant’s accounting of the value of the WBBC within ESPN’s NCAA Other Championships agreement.<sup>51</sup>

#### **2. 2021 Men’s & Women’s Championship Games**

In 2021, the WBBC Championship game featuring Stanford and Arizona on ESPN averaged 4.1 million viewers, up 9% from the 2019 title game. In 2021, the MBBC game between Baylor and Gonzaga attracted 16.9 million viewers on CBS, a 14% decline from the 2019 game. Thus, in 2021, the Men’s Final drew roughly four times more TV viewers while, again, the Men’s media rights deal still earned the NCAA nearly 100 times the revenue based upon an NCAA consultant’s accounting of the value of the WBBC.<sup>52</sup>

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<sup>50</sup> Turner/CBS Agreement AAV \$770 MM; ESPN Other Championships AAV \$34 MM.

<sup>51</sup> Emily Caron & Eben Novy-Williams, *March Madness Daily: The NCAA’s Undervalued Women’s TV Rights*, Sportico (Apr. 4, 2021), <https://www.sportico.com/leagues/college-sports/2021/march-madness-womens-tournament-more-tv-money-1234626484/>.

<sup>52</sup> NCAA Media Consultant’s Report July 2020, Allocations of Rights Fees, page 97.

### 3.5 SEPARATE RIGHTS, SEPARATE ATTENTION

The NCAA negotiated the MBBC and WBBC media rights separately; it also operates the two events differently – which has worked to the comparative disadvantage of the WBBC:

- The *Wall Street Journal* refers to “March Madness” as “one of the most powerful brands in sports.” It notes that the NCAA has licensed the trademarked phrase. But the NCAA only applies the “March Madness” brand to the MBBC.<sup>53</sup>
- It stages the WBBC’s Final Four in a separate city on the same weekend as the more popular MBBC.
- It places control of the official marketing rights for the WBBC (and all of the NCAA’s Other Championships) with its MBBC media partners, CBS/Turner, creating a set of incentives where the vast preponderance of income from NCAA Corporate Champions and Corporate Partners exclusively supports the MBBC. For the 2020-2021 academic year, just one-tenth of one percent was earmarked for an NCAA Championship other than the MBBC.<sup>54</sup>
- CBS/Turner offers a popular NCAA March Madness Live mobile application that features individual game streaming, scores, news and information about the MBBC only.
- The NCAA stages and broadcasts the Men’s and Women’s Basketball Selection Shows on separate dates and networks (the women’s the day after the men’s), losing an opportunity for better cross-promotion, another hugely important media tactic driving viewership and rights value.

### 3.6 ESPN’S SUPPORT IS GOOD; IT COULD BE BETTER

The WBBC has expanding viewership and stature despite:

1. **Not having the broadest distribution/promotion possible from ESPN.** It is worth noting that ESPN neither broadcasts the WBBC’s Championship game on its broadest delivery platform, the ABC Television Network (which has access to more than 121 million U.S. TV homes, 57% more than ESPN<sup>55</sup>) nor provides the best possible schedule for the WBBC Championship Game (frequently ESPN’s highest-rated program in April). The Women’s Final is

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<sup>53</sup> Rachel Bachman, et al., *NCAA Withheld Use of Powerful ‘March Madness’ Brand From Women’s Basketball*, The Wall Street Journal (Mar. 22, 2021), <https://www.wsj.com/articles/march-madness-ncaa-tournament-womens-basketball-11616428776>.

<sup>54</sup> See Section 6 - Corporate Partner Program.

<sup>55</sup> Nielsen Media Research: ABC available over-the-air in 121 million TV Homes; ESPN is currently in 77 million.



programmed on ESPN during a time slot (6:00-8:00PM ET) with a lower HUTS (Homes Using TV) level than if ESPN scheduled the game later in prime time (for instance, the MBBC's Championship Game airs from 9:00-11:00PM ET). The 6:00PM ET start enables the WBBC's Final to offer a strong lead-in to ESPN's weekly Sunday Night MLB game. This helps ESPN and MLB, but does little for the NCAA. We believe the Women's Final would rate even higher if ESPN scheduled the game in the same time period as the MBBC and/or aired it on ABC instead of ESPN. Earlier we wrote that the NCAA will need to find a good balance between linear and streaming distribution going forward in order to continue growing media rights revenues. From strictly a rights valuation standpoint (which we cover later in section 7 below), the WBBC is likely more valuable to ESPN as a network if the Championship game continues to air on ESPN rather than on the ABC Television Network. In our valuation, we ascribe a \$9.8 million allocation of ESPN's affiliate distribution subscriber fees<sup>56</sup> if ESPN is carrying the Final game exclusively. We anticipate that the WBBC Final game would generate a larger viewing audience on ABC; thus, if ABC was also to carry that game, in our valuation we ascribe more than \$600,000 higher ad sales to the single game.

2. **ESPN's commitments to the WBBC being significant, but not to the level of how the network treats its other true elite Championship properties, like the College Football Playoff:**

- ESPN doesn't regularly do WBBC "Megacasts" (multiple specialized game feeds airing on several networks simultaneously) or special treatment with innovative broadcast production technologies. Note that if ESPN does air the WBBC Championship game on ABC, we believe it could deliver value for its affiliate distribution partners by doing one or more WBBC Megacasts on ESPN and its other linear networks. In that case, our valuation would ascribe \$4.9 million<sup>57</sup> to an affiliate revenue decrease<sup>58</sup> (50% of allocation of ESPN's affiliate distribution subscriber fees related to the Championship game) due to a differentiated live simulcast of the WBBC Final on ESPN while it is airing simultaneously on ABC.
- ESPN devotes limited "shoulder" (pre-game, post-game, features and documentaries) programming that could generate greater interest in

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<sup>56</sup> See Sections 7.9 and 7.10.

<sup>57</sup> This is before the allocation of any lost profit margin.

<sup>58</sup> Note that recognition of this decline is consistent with our methodology for the allocation of affiliate revenue based on the share of live GRPs impacted. However, Disney will not actually experience a cash decrease in affiliate revenue directly as a result of this modification of the telecast programming schedule, so that it may nevertheless choose to make this change based on its overall strategic objectives.

the WBBC, its teams, players, coaches and personalities. An example of success in another sport: this Spring, ESPN's ratings for Formula 1 auto races were up 53% from 2020 and 38% from 2019 "thanks in large part to 'Drive to Survive,'" the docuseries on Netflix that "goes behind the scenes to chronicle the on- and off-track drama."<sup>59</sup>

- ESPN does not travel the "SportsCenter" studio show (only an interview location), stage concerts or promotional events in the Women's Final Four host city to cross-promote the Women's Final Four, in part due to the structure of the Corporate Champions and Partners deals (which currently offer no support to ESPN for such initiatives). It does bring SportsCenter on-site for the MBBC, an event it doesn't telecast domestically.<sup>60</sup>
- ESPN devotes limited coverage to Women's sports in general and women's basketball in particular on its extensive sports news and information coverage on TV and digital media.
- Per its contract with the NCAA, ESPN does commit significant internal resources to promotion of the WBBC. Considering the scope of the NCAA's Other Championships, and their importance to ESPN's year-round schedule of live events, ESPN could expand on its current contractual requirement to go beyond promotion of the WBBC and other Championships. If ESPN expanded its promotion of the NCAA's Other Championships, that would significantly benefit and help grow developing NCAA Championship properties and create greater awareness of the NCAA's November-June athletic calendar.

**3. ESPN scheduling certain WBBC games at the same time as those of the higher profile MBBC on CBS/Turner networks.** Media asset values can be harmed by scheduling that cannibalizes audience. If games/events are programmed on the same dates/times where assets share similar (albeit unique) audiences, harm is done to both. In this case, basketball fans split between competing networks. Minimizing or eliminating altogether any such possible conflicts to maximize overall audience delivery and value is strategically important. While there are limits to what the network can accommodate (and it does have other commitments in the timeframe, like the NBA and now NHL), ESPN could reformat its WBBC game schedule to avoid many of the head-to-head telecasts which should improve average

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<sup>59</sup> Jason Abbruzzese, *Drive to Thrive: Netflix's Docuseries a Boost for Formula 1*, NBC News (June 22, 2021), <https://www.nbcnews.com/tech/tech-news/netflix-f1-espn-boost-tv-ratings-espn-rcna1237>.

<sup>60</sup> See Section 6 - Corporate Partner Program.

audiences for both the MBBC and WBBC.<sup>61</sup> One option we suggest considering is the use of MBBC off days, Monday-Wednesday. This will mean more conflicts with the lower-rated NIT than the MBBC, but should result in larger WBBC average audiences, and additional rights value. We recognize that those involved in the WBBC may prefer to leave this alone, but our suggestion is solely based on the best media-oriented outcome. Other options include a complete holistic reformatting of all the basketball events away from the long-used current formats, but this is a subject for another engagement.

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<sup>61</sup> There are several other scheduling options to consider which could benefit both the MBBC and WBBC. An opportunity to rethink both events holistically could further improve valuable audience levels.

## 4 VALUE GROWTH

We believe the NCAA could realize substantially more value from the WBBC if it considered the MBBC and WBBC together as a single property, with two separate Championship brackets, modeled more similarly to a Grand Slam Tennis tournament. In this vision, the existing media partners for the MBBC and WBBC stay the same, there is no change with any of the NCAA's Other Championships, and some of the pragmatic differences between the MBBC and WBBC can remain provided they still make sense for the particular event (such as top seeds playing at home in early rounds of the WBBC but the MBBC using strictly neutral sites for all games). However, we do suggest that the NCAA:

- Adjust its policy on event branding;
- Consolidate to a single, combined Final Four location;
- Change how fans can access information and watch live games on their mobile devices from both tournaments;
- Encourage its Corporate Partners and Champions to better support both events.

These changes we believe would enhance both the WBBC and the MBBC, too—through improved promotion and likely other benefits as well.

### 4.1 MORE MARCH MADNESS

The NCAA could utilize “March Madness,” one of the most popular brands in sports, in the marketing and presentation for both the MBBC and WBBC. Doing so would raise the perception of the WBBC as a major championship for many in the media, marketers and among sports fans. That would help make the WBBC even more popular (taking nothing away from the MBBC) and the winning school's achievement that much more significant, raising the property's perceived value, attractiveness and promotional clout. In a recent article on March 22, 2021, the *Wall Street Journal* noted that the NCAA's @MarchMadness Twitter and Instagram accounts have a combined 2.5 million followers. The *Journal* quotes Jeff Hunt, founding partner of Legend Labs, an Austin-based consulting firm that specializes in brand creation, projection and protection who states, “There is no question in my mind that the value of the women's tournament would go up pretty dramatically if they were able to have the halo of the March Madness branding as well.” Shared use of “March Madness” is apparently already in discussion. On June 8, it was reported that the NCAA Women's Basketball Oversight Committee “intends to work with men's Division I college basketball to create a unified branding strategy for both women's and men's postseasons,” which

“could include the women’s NCAA tournament getting the rights to use March Madness in its branding.”<sup>62</sup>

## 4.2 SAME CITY, SAME WEEKEND

The NCAA could choose to stage the Final Four for both the MBBC and WBBC in the same city over the same weekend, and put that into effect as soon as possible based upon adjusting some existing commitments. Among the U.S. cities that could accommodate a combined Final Four:

- The next five MBBC host cities (New Orleans, Houston, Phoenix, San Antonio and Indianapolis);
- Two of the next four WBBC Final Four host cities (Minneapolis and Dallas; Cleveland and Tampa lack domed stadiums);
- Atlanta, Los Angeles, St. Louis, Las Vegas, Detroit.

**This would have myriad benefits:**

1. It would create a more compelling weekend schedule in the one host city, Women Friday/Sunday; Men Saturday/Monday:
  - Women would play their Final Four semifinal games on Friday night (the Men’s Final Four teams could attend, raising awareness for the next evening’s doubleheader).
  - Men would play their Final Four semifinal games on Saturday night (the Women’s finalists could attend, effectively promoting the Women’s Final the next evening).
  - Women would play their Championship game on Sunday (the Men’s finalists could attend, promoting the Men’s Final on Monday night).
  - Men would play their Championship game on Monday night where potentially all NCAA Basketball champions in all three divisions could be honored.
2. Depending upon ticket demand, the NCAA could even choose to hold the WBBC Championship game (and perhaps the Women’s Final Four games as well) in the same domed facility that it is holding the Men’s Final Four and Championship games. Since 1997, the NCAA has held the MBBC exclusively in domed stadiums in order to meet the demand to attend the event. Each

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<sup>62</sup> Joseph Salvador, *NCAA Women’s Oversight Committee Eyes March Madness Branding and Tourney Expansion*, Sports Illustrated (June 8, 2021), <https://www.si.com/college/2021/06/08/ncaa-womens-basketball-tournament-expansion-march-madness>.

year, the dome in the host city is deployed with state-of-the-art TV facilities and gear that could be used on the Men's "off" nights (Friday and Sunday) for the Women's Final Four and Championship game, respectively. This would require agreement and coordination between the Men's rights holders (CBS/Turner) and the Women's (ESPN) but shared TV facilities among sports broadcasting networks is fairly standard for major events (for instance, one network showing Thursday/Friday golf coverage and another carrying Saturday/Sunday), especially with the NCAA serving as the single licensing, staging, and oversight body. Similarly, it is likely that the NCAA would have to make adjustments with the Men's and Women's practice schedules and other normally scheduled event activities in the dome that weekend.

3. Because every city that successfully bids for the MBBC has both a domed stadium and an NBA-caliber basketball arena, the host city's basketball arena could also be used for both the Women's Final Four and Championship game, or just the Women's Final Four semifinals. In this case, ESPN would equip the basketball arena (in the latter case) with its own TV equipment as it does currently with the WBBC taking place in a separate city.
4. The NCAA would help facilitate its Corporate Champions and Partners' sponsorship activation in the WBBC by staging the Women's event where the NCAA sponsors are physically present that weekend (please note: more discussion of the NCAA Corporate Partners in "Section 6" below). We believe this sponsor proximity would be a critical development in expanding NCAA Corporate Partner support of the WBBC.
5. The NCAA would receive enhanced press, electronic media, and social media coverage for the WBBC. ESPN would likely bring "SportsCenter" to the host city for the week as it does for the Super Bowl; social media companies including Facebook/Instagram, Twitter, Snap, TikTok and Google/YouTube would establish home bases in the host city and would likely view the launch of student athlete name, image and likeness ("NIL") marketing rights, which began to change July 1, 2021, as a galvanizing development.
6. The NCAA could consider expanding the marketing of the Final Four to make it into the preeminent, annual U.S. Basketball festival. (The Men's and Women's Final Four plus Men's and Women's college basketball coaching conventions, Men's and Women's college basketball Hall of Fame nominations, promotional opportunities to honor boys and girls high school All-Americans, upcoming USA Basketball [Olympic, World Championship, 22 And Under] teams including both Men's and Women's Basketball and 3-on-3 national teams.) Because every city that successfully bids for the MBBC has ample convention center space, the NCAA could effectively increase the

“footprint” and marketing reach of the Final Four weekend. Similarly, social events and concerts could celebrate both Men’s and Women’s teams.

7. Holding the MBBC and WBBC in one city would also enable the NCAA to realize significant expense savings:<sup>63</sup>
  - The NCAA would not have to travel staff to plan and execute in two separate cities and duplicate functions.
  - Many host cities and other vendors could potentially manage projects for both the MBBC and WBBC and affiliated events.
  - Should ticket demand enable the NCAA to stage both the Men’s and Women’s games in the same domed stadium, there would be significant event and fixed TV production savings for the NCAA’s media partners as outlined above (and incremental NCAA gate revenues and area rental efficiencies as well).

### **4.3 RISING TIDE LIFTS ALL (CHAMPION)SHIPS**

As mentioned above, TV viewership for the MBBC has been decreasing and was down considerably in 2021. This is the case with sports programming in general and ratings have been negatively impacted by COVID-19 which forced event cancellations, scrambled normal sports schedules, and kept fans out of stadiums and arenas depressing interest and making the on-air presentation of games less exciting and attractive. However, the WBBC’s audience has countered that trend, defying industry gravity by continuing to grow. More aggressive cross-promotion of the MBBC and WBBC can help to lift each other. Currently, both CBS/Turner and ESPN offer occasional tune-in mentions for the WBBC and MBBC (respectively). A more aggressive approach like that between Turner and ESPN for the NBA Playoffs or how ESPN will promote the next Serena Williams match multiple times during a Roger Federer match at the U.S. Open (and vice versa) is fairly standard industry practice today, and is designed to drive tune-in, not just awareness. In today’s highly fragmented marketplace, we believe strong cross-promotion is an even more important media tactic driving viewership and rights value, now that telecast lead-ins (viewing inertia) are less relevant or effective.<sup>64</sup>

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<sup>63</sup> We understand that this will place additional pressure on hotel rooms, requiring the use for more distant and/or less desirable properties to accommodate the larger scale.

<sup>64</sup> Historically, major TV networks had universally high levels of viewership, and that audience tended to stay on a particular channel when an event or show ended, driving viewers to the next program. Today, viewing is far more diffused, and just being scheduled on a major network is no assurance of large audiences.

#### 4.4 CONCERTED BROADCAST EFFORT

Because of their cross-promotional value, it makes sense that:

1. The NCAA should either combine or more closely tie together the bracket announcement Selection Shows for both the MBBC and WBBC. This could take the form of one combined Men's and Women's show on Sunday evening that is televised by both CBS and ESPN; or moving the WBBC to Sunday at either 5:00PM ET (directly before the MBBC) or 7:00PM ET (directly after) – in both cases televised by ESPN and cross-promoted by CBS/Turner. We note that these suggested changes either affect CBS's exclusivity to the MBBC Selection Show or the current scheduling of the WBBC Selection Show for ESPN or both.
2. The NCAA should encourage Turner Digital to make the NCAA March Madness Live mobile application the one-stop-shop for news, information, scores, schedules and live streaming of both Selection Shows and all MBBC and WBBC games. This would give all college basketball fans a go-to location to follow the unified "March Madness." This change would impinge upon the contractual exclusivity that CBS/Turner have regarding the NCAA mobile application and ESPN's regarding live streaming of the WBBC on the ESPN app, but Turner already has substantial NCAA digital rights under its separate agreement.



## 5 FULL COURT PRESS

There are immediate steps that could be taken within the NCAA's existing media agreements with CBS/Turner and ESPN that would enhance the value of the WBBC and, by extension, the MBBC and the NCAA's Other Championships.

### 5.1 NCAA AT PRESENT

The NCAA serves a crucial function for its 1,268 member institutions – not only is it a central source of income for these schools' Athletic Departments, but also it has consistently delivered an increasing amount of dependable income to these schools each year for decades. And the member institutions depend upon the NCAA to continue to do so in the years to come.

The principal source of the NCAA's revenue spigot to member schools is income derived from the MBBC (CBS/Turner and ticket sales); it constitutes 72% of the NCAA's \$1.1 billion annual revenue total.<sup>65</sup>

Considering the significant and long-term responsibility it bears, the NCAA is justified in taking a cautious view towards any potential change in its normal operations, especially any related to its oversight of the MBBC.

Nonetheless, as the leadership body for college athletics, and the group in charge of the MBBC and all the NCAA's Other Championships for male and female student athletes, the NCAA is responsible for the administration, vision, investment and growth of its properties in an ever-changing media environment. This is not new. In the last three decades, the NCAA has successfully navigated big changes in the media rights landscape, as pay TV first supplemented and then began to supplant broadcast TV. Over the past 10 years, the NCAA has overseen the development of its own internet platform first on the web and then via mobile applications, while negotiating long-term media rights agreements for both the MBBC and associated NCAA marketing and digital rights with CBS/Turner (through 2032) and the WBBC and the NCAA's "Other" Championships agreement with ESPN (through 2024).

### 5.2 ACTION ITEMS

While the NCAA's media agreements are locked in for three (ESPN) and 11 (CBS/Turner) more years, the NCAA and its media partners are free to explore changes to the current agreements now to create more value for everyone involved going forward. As the NCAA's media partners, CBS/Turner and ESPN should all be open to adjustments as the current gender equity issues that have surfaced provide ample justification for changes to the status quo. Here, the combined efforts of the

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<sup>65</sup> Fiscal year ending August 2019 NCAA IRS Form 990 total revenue \$1,118,669,180 million. Kristi Dosh, *NCAA Has Confirmed Its Basketball Revenue Distribution Plan for 2021, But Impact Of 2020 Will Linger*, Forbes (Feb. 28, 2021), <https://www.forbes.com/sites/kristidosh/2021/02/28/ncaa-has-confirmed-its-basketball-revenue-distribution-plan-for-2021-but-impact-of-2020-will-last/?sh=64dd73b5391a>.

NCAA and its media partners would protect the premium value of the MBBC and the continued development of the WBBC and the NCAA’s Other Championships.

Potential changes from current practices to implement right away:

- Marketing both the MBBC and WBBC under the brand “March Madness.”
- Staging both the MBBC and WBBC Final Four in the same city on the same weekend. Right now, the events are scheduled for:

	<u>Women’s Final Four</u>	<u>Men’s Final Four</u>
- 2022	Minneapolis	New Orleans
- 2023	Dallas	Houston
- 2024	Cleveland	Phoenix
- 2025	Tampa	San Antonio
- 2026	Phoenix	Indianapolis

We understand that other commitments have already been made – the Final Four host cities are determined through 2026, all three NCAA Divisions are scheduled to honor Title IX’s 50<sup>th</sup> Anniversary at the 2023 Women’s Final Four in Dallas, there are myriad practice schedules, hotels and other issues to sort through. Nonetheless, we feel very strongly that a combined Final Four will generate significant incremental value for the WBBC immediately and thus provide the NCAA with a tremendous strategic advantage heading into its ESPN renewal discussion for the Other Championships agreement for 2024-2025 and beyond. We urge the NCAA to strongly consider a combined Final Four for 2023. Data from that year will be used to form all the networks’ projections for upcoming future agreements.

- The NCAA could provide enhanced leadership around the broadcasting, sponsorship and marketing of the MBBC and WBBC by (i) filling a new Chief Business Officer position and (ii) streamlining management for both events.
- The NCAA could and probably should convene an annual meeting of its media partners (CBS/Turner and ESPN) and possibly its Corporate Champions and Partners as well, to start to determine strategies and a game plan to expand NCAA official sponsorship support beyond the MBBC to the WBBC and the NCAA’s Other Championships.
- The NCAA could and probably should examine the roles and authority of its various committees overseeing aspects of the MBBC and WBBC as the current system makes it extremely hard for the organization to achieve consensus and operate as cohesively as most other sports rights holders can.

## 6 CORPORATE PARTNER PROGRAM ADJUSTMENTS

The NCAA and its media partners, CBS and Turner, have developed a hugely successful Corporate Partner Program. However, we believe that the NCAA should make adjustments to the program so that it better supports all NCAA Men's and Women's Championships, not just the MBBC, and can provide promotional and sponsorship support during the entire NCAA Championship window from November to June, rather than just principally three weeks in March and April. Today, the practical effect of the present structure is that the NCAA has Corporate Champions and Partners of the MBBC, but not the NCAA. This very exercise by the NCAA would help demonstrate to the networks the importance of this effort, increasing the likelihood that they will cooperate, even if they might prefer to leave it untouched.

Eighteen major corporations collectively supported NCAA programming this year as Corporate Champions and Partners, or sponsors. The sponsorship rights fees associated with being an NCAA partner ultimately find their way back to the NCAA in the \$1.1 billion (on average for the upcoming 2024-2032 CBS/Turner deal) annually paid by the networks for the TV rights and the right to run the Corporate Partner Program. However, just one-tenth of one percent is specifically earmarked for certain targeted sponsorship elements associated with the Other Championships.<sup>66</sup>

### Why?

1. To date, the focus of the NCAA's Corporate Partner Program has been to maximize the media spending on the MBBC, which, as noted above, represents 72% (gate revenue + TV) of the NCAA's annual income.<sup>67</sup> Putting control of the program in the hands of CBS/Turner has certainly aided in that goal. From what we can observe, it has been highly effective for this particular purpose, generating millions in total annual commitments to media, sponsorship and activation per year, and tightening inventory levels for the Men's Basketball event (because so much advertising is already taken by the NCAA Corporate Partners), helping it to maintain premium commercial advertising rates, and helping to support and justify the \$1.1 billion average annual rights payment.
2. However, this approach results in the WBBC and the NCAA's Other Championships becoming largely a throw-in or just overlooked altogether by many of the Champions and Partners which are most focused on activation around the MBBC. As a result, many NCAA official partners do not activate

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<sup>66</sup> Per Corporate Champion and Partner Agreements.

<sup>67</sup> The \$800 million the MBBC produces is 72% of the association's total annual revenue. Kristi Dosh, *NCAA Has Confirmed Its Basketball Revenue Distribution Plan for 2021, But Impact Of 2020 Will Linger*, Forbes (Feb. 28, 2021), <https://www.forbes.com/sites/kristidosh/2021/02/28/ncaa-has-confirmed-its-basketball-revenue-distribution-plan-for-2021-but-impact-of-2020-will-last/?sh=64dd73b5391a>.

or spend around the WBBC, and even less so around the Other Championships.

This has a five-fold impact:

- In addition to not using “March Madness” branding for the WBBC and staging the Women’s Final Four on the same weekend in a different city, it signals to the marketplace, and the people involved in the event, that the WBBC is not the major attraction it actually is.
- The Corporate Partner Program attracts sponsors who are primarily interested in the MBBC to help achieve their respective and diverse marketing and branding objectives. It places a very high practical financial hurdle in front of those that might be interested in supporting the WBBC or the NCAA’s Other Championships as well, because of the significant mandated advertising spend CBS/Turner insist upon to support the MBBC.<sup>68</sup> It makes it practically impossible if a marketer were only interested in (or could only afford) the WBBC or the NCAA’s Other Championships to participate beyond buying media only. Therefore, fewer partners choose to activate around anything other than the MBBC, and those who might otherwise are effectively shut out.
- The ad revenue generated by ESPN for the WBBC and all the NCAA’s Other Championships media is substantially lower than it would be otherwise if its ad inventory were packaged with other/additional NCAA Champions or Partners. The situation with the WBBC is the opposite of the MBBC, where commercial availability within MBBC game broadcasts is limited (and thus prices are higher) because so many NCAA Champions and Partners buy into the MBBC, in part to co-brand with “March Madness.” This negatively impacts the internal perception of the WBBC inside the ESPN organization as well. ESPN is left to sell the WBBC inventory as just media-only partnerships, without the many benefits that come with typical major college sports Championships like Conference Championships and Bowl game sponsorships including use of marks, on-site activation (support events/concerts, signage, giveaways, etc.) tickets and hospitality, and marketing support (ads, supermarket promotions, etc.) to name a few.

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<sup>68</sup> This requirement is not dictated by the NCAA’s Agreement with the networks, but via CBS/Turner’s control of the process to the networks’ self-benefit.

- The NCAA's marketing is discordant: it features a series of very large TV advertising campaigns (such as Capital One with Samuel L. Jackson, Spike Lee, Charles Barkley and Jim Nantz) that run heavily on CBS/Turner networks and ESPN during March and early April, including within the WBBC, and only promote the MBBC.
  - For all intents and purposes, the vast majority of NCAA Championship spending and marketing activation takes place in that three-week window in mid-March through early-April, even though the NCAA Corporate Partner Program should theoretically enable sponsorship rights encompassing the 89 Other Championships (ESPN has the rights to nationally televise 28 of these) that take place November – June.
3. Collectively, this approach provides ESPN with less revenue to help pay the NCAA fair market value rights fees (see Section 7 for our valuation). It also results in ESPN under-valuing the WBBC because the network considers it to be a lesser draw to advertisers. We believe that any future bidder for the WBBC would have similar concerns about limited access to NCAA Championship and Partner packaged sponsorship support.
  4. Under the terms of the existing MBBC deal with CBS/Turner, the networks have complete discretion over the sale of NCAA corporate partnerships, subject only to NCAA approval rights and restrictions. Having paid for that privilege within the overall guaranteed media license fee, CBS/Turner are incentivized to use the NCAA marketing rights in a manner designed to drive the networks' own marginal revenues, which are substantially all from advertising in the MBBC games. Therefore, CBS/Turner requires any sponsor to buy substantial ad inventory on their presentation of the MBBC in order to become a Champion or Partner at all. In fact, many NCAA Champions and Partners are required by the CBS/Turner NCAA sales unit (but not due to any requirement or limitation of the NCAA) to purchase commercial inventory on content and platforms (such as MBBC editorial coverage on CBSSports.com, and within unrelated programming on the CBS Sports cable network) that are outside the MBBC game inventory. This type of bundling is typical in the sports TV business. It is not at all surprising here because CBS/Turner bought out the NCAA's Champion and Partner rights as part of its annual license fee to the NCAA (growing to an average of \$1.1 billion in rights beginning in 2024-2025). But it does mean that NCAA Champions and Partners are de facto steered away from supporting the WBBC and the NCAA's Other Championships unless they have met the high, required financial spending thresholds to support the MBBC. As mentioned above, the NCAA's three Corporate Champions all purchased TV advertising

in the WBBC in 2021, but their agreements via CBS/Turner did not require them to do so. **No Corporate Partner is required by its NCAA Agreement to buy ad time on any ESPN WBBC or NCAA Other Championships telecast.** As the information is not in the NCAA's possession, we were not provided access to ESPN's WBBC ad sales data to determine the number of Corporate Partners who elected to voluntarily purchase ESPN inventory, nor the amount of such purchases. We have little doubt that ESPN made every effort to solicit such media buys in support of the Other Championships, but lacked the leverage to fully realize the opportunity.

CBS/Turner want to maximize the spending of NCAA Champions and Partners on inventory that CBS/Turner control; therefore, ideally they don't actually want those sponsors to *spend anything* on the ESPN presentation of the WBBC or the NCAA's Other Championships, if it results in any decrease in buying MBBC inventory or other CBS/Turner-owned inventory. That CBS/Turner would achieve some incremental revenue for permitting the use of marks and activations is not as important to these networks, as that would lower the leverage they command to drive up spending by NCAA Champions and Partners to them alone, and push some revenues to their competitor, ESPN, "The Worldwide Leader in Sports." ESPN already enjoys a commanding position in the sports media ad marketplace, and it is unlikely that its competitors would be interested in helping them without having a significant incentive themselves to do so.

5. Regarding the Corporate Partner Program, we are focused on (i) incentives for CBS/Turner and the NCAA's existing and future Corporate Champions and Partners to support the WBBC and the NCAA's Other Championships beyond the MBBC, and (ii) new and creative ways to generate incremental revenue for the already substantial NCAA Corporate Partner Program. Our thought is that the NCAA should facilitate the development of significant new CPP revenue—growing the pie in the Corporate Partner Program, through modifications of the current operating parameters.

Our suggested changes include:

- Permitting the sale of non-conflicting sponsor categories for the WBBC and the NCAA's Other Championships.
- Restricting protections provided in future Corporate Partner deals. This is an approach favored by Robin Harris, Ivy League executive

director and a former member of the NCAA Competition Oversight Committee.<sup>69</sup>

- Engaging with CBS/Turner and ESPN to improve cooperation and generate incremental revenues from the CPP. Solving the current sales incentive problem is perhaps the biggest commercial media-related conundrum the NCAA faces. For the 2020-2021 academic year, just one-tenth of one percent of the NCAA official sponsorship revenue was contractually earmarked for an NCAA Championship other than the MBBC, and none of it was required to be spent on ESPN's telecasts.
  - Creating greater flexibility in terms of advertising and sponsorship for the NCAA's Other Championships. For instance, loosening restrictions to permit a presenting sponsor ("The Frozen Four presented by \_\_\_") and enabling commercial breaks of non-standard lengths or otherwise modifying the format to create more customized advertising and sponsorship approaches (e.g., advertising on a split screen during action).
  - Creating sponsored highlights from every major championship that could air in vignette packages (the video highlights plus a sponsored billboard and a TV commercial) across the NCAA's three media partners throughout the academic year.
  - Expanding sponsorship messages on all in-event camera-viewable signs, virtual sponsorship signage, including on the court, ice, rink boards, net, mat and field, etc.
  - Allowing NCAA Champions and Partners tagging/inclusion at the conclusion of NCAA institutional TV messages, and then airing these promotional messages across the NCAA's three media networks throughout the academic year.
6. Ultimately, only action by the NCAA can help unlock marketing support for the WBBC and the NCAA's Other Championships. It will require a modification of the CBS/Turner Agreement or, as we suggest above, flexibility to generate increased revenue into the Corporate Partner Program, to arrive at an improved outcome.

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<sup>69</sup> Rachel Bachman, *NCAA Corporate Sponsorships Are for 90 Championships. They Revolve Around One*, The Wall Street Journal (May 13, 2021), <https://www.wsj.com/articles/ncaa-march-madness-basketball-sponsorship-11620865601>.

7. If possible, these NCAA Corporate Partner Program changes should all be made effective for the 2022-23 academic year so that the impact is evident on the WBBC and the NCAA's Other Championships before the next negotiation for these media rights, and the added value can be addressed in the context of those upcoming discussions.
8. As mentioned above, the NCAA can best achieve these results by providing enhanced leadership around the broadcasting, sponsorship and marketing of the MBBC and WBBC. A key here would be filling a new Chief Business Officer position.

To summarize, the NCAA, like all sports rights holders, operates in a rapidly-changing environment. The NCAA's premium attractions such as the MBBC and WBBC must vie not just with the increasing amount of nationally-televised and streamed sporting events but also with DTC entertainment services like Netflix and Disney+, video games, and social media networks and YouTube, all of which are free. This is especially true for college students. The NCAA must focus constantly on improving the experience of its Championships for fans just to maintain its position.

While it is never easy to renegotiate key points in very lucrative, long-term sports media agreements, it does happen. The reason being that things change in the sports media business. CBS/Turner and ESPN are all good, long-term partners of the NCAA, with experienced, seasoned leadership with a deep understanding of the industry and recent developments. These networks are eager to maintain a strong, evolving relationship with the Association and its senior executives because their ultimate goal is to extend their high-profile, lucrative MBBC and WBBC agreements beyond 2032 and 2024 (respectively). Additionally, CBS/Turner and ESPN understand that the gender equity issues facing the NCAA are real and:

They are not going away;

The NCAA must deal with them constructively;

Failure to do so ultimately damages the value and perception of all NCAA Championships including the MBBC and WBBC; and

Such damage would diminish the value of the networks' NCAA relationships.

Also, for the first time, CBS/Turner face a situation where the MBBC is in a multi-year TV ratings decline. The NCAA, its two MBBC media partners and their prize property, would in fact all benefit from support and greater engagement with the WBBC.



## 7 VALUATION

We have been asked as part of this process to estimate the fair market value (“FMV”) of the NCAA WBBC as a stand-alone product in the sports media marketplace, as opposed to being part of the single package of Other NCAA Championships, which the NCAA has currently licensed to ESPN through 2024.

### 7.1 WBBC AUDIENCE SIZE

Since audience size and directional trends over time are some of the most important factors impacting any sports media rights valuation, we will first review some key performance metrics of the WBBC:

- The 2021 Tournament delivered 23.9 million more viewing hours (average viewers times total duration) than in 2019, a historic 52% increase.<sup>70</sup>
- This increase was driven by some later games of the tournament receiving higher ratings plus the distribution (for the first time) of every game of the entire event (all 63 games) on a live national basis by one of the ESPN networks—nearly twice the number of total available hours of games, replacing regional telecasts (multiple games on a single network simultaneously, with various geographic regions receiving the game of greatest interest to their locality) of most early round games. The previous “regional” approach delivers a higher average rating, but hinders fans from both seeing the particular game of their choice (rather than the game the network chooses to deliver to their region) as well as being able to sample all games.
- Overall audience also increased with ABC adding six total games, including four “Sweet 16” round games, which delivered an average audience of 1,201,000 P2+ (average number of viewers ages two or more) and two First Round games that averaged 607,000.
- The later rounds of the tournament, which had the same number of telecasts (without regionalization) in both years, each surpassed 2019’s viewership. With ABC airing four Sweet 16 games in 2021, the Sweet 16 averaged 918,000 P2+ viewers on ABC/ESPN/ESPN2, up +67% from 2019 on ESPN/ESPN2. They were also supported by an improvement in networks to the more widely viewed ESPN (four of last seven games shifted from ESPN2 to all being on the primary ESPN network). This channel consistency also makes it easier for viewers (particularly more casual, or new ones) to more easily find the games. Added promotion from the full national telecasts of the early round games also supported increased viewership. This resulted in the 15 games from the Sweet 16 round through the Championship game in 2021 averaging 1,396,000 P2+ on ABC, ESPN

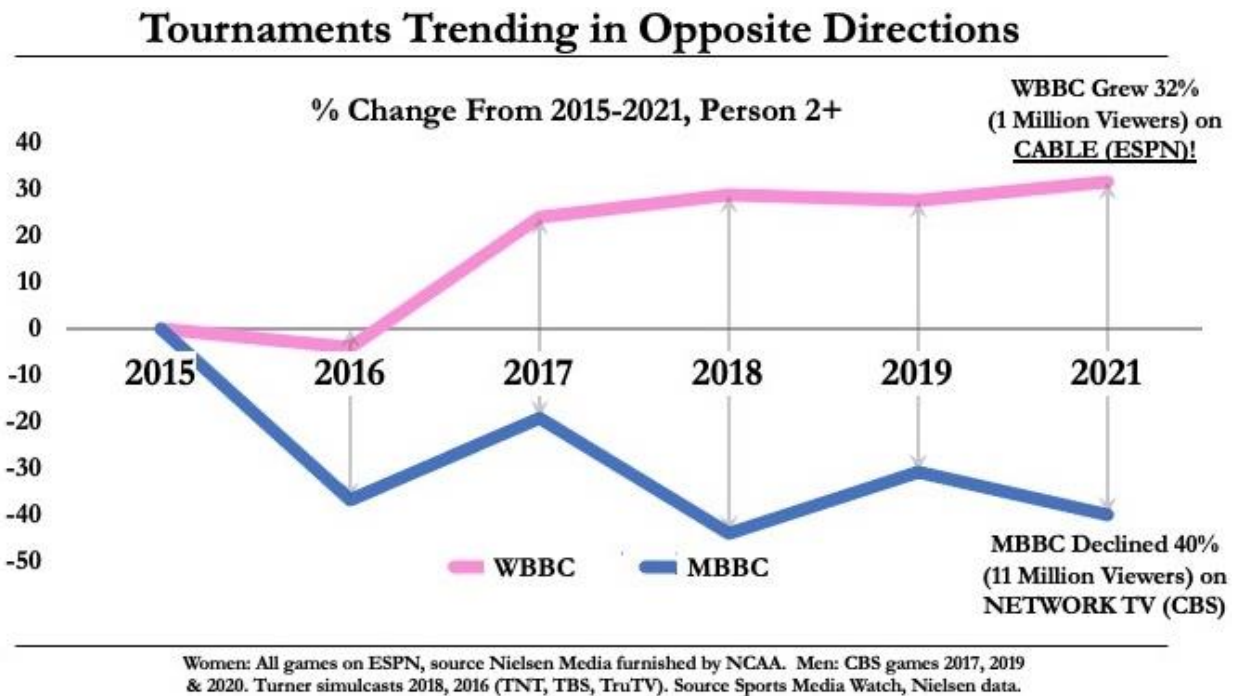
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<sup>70</sup> See Exhibit 11.

and ESPN2, up +27% from the same 15 games—all in national windows—in 2019 on ESPN and ESPN2.<sup>71</sup>

- Total viewing was up but average viewing declined. The 2021 NCAA Women’s Tournament averaged 542,000 P2+ viewers on ABC, ESPN, ESPN2 and ESPNU, down -20% from the 2019. This decline was due to the addition of 30 more lower-rated “national” game telecasts, replacing many early rounds, more highly-rated, regionalized<sup>72</sup> windows (33 game windows total in 2019 vs all 63 in 2021). More lower-rated windows lowers the average but substantially *increases the total viewing*, and overall value. This programming schedule & distribution matrix more closely mirrors that of the MBBC<sup>73</sup> to maximize total audience and value across four networks.

**Figure 7.1a: WBBC Championship Game Defying Industry Gravity**



<sup>71</sup> See Exhibit 11.

<sup>72</sup> In the early days of television, channel capacity was very limited. As a result, broadcasters frequently regionalized sports telecasts in order to deliver the single game of greatest interest to a particular region, which generated the highest possible average rating. Today with nearly unlimited capacity, total viewership is more important and few events are shown regionally. NFL Sunday afternoon games are an example of regionalized sports TV today, though the NFL also offers the other regionalized games via subscription service Sunday Ticket, so they are all available nationally.

<sup>73</sup> Prior to 2011, virtually all MBBC pre-Sweet 16 games were regionalized.

**Figure 7.1b: 2019-2021 WBBC Average Audience & Gross Impressions\***

	# of Windows	Avg Viewers (000)	Gross Impressions (000)
2019	33	677	22,331
2021	63	542	34,125
<b>2019 vs 2021</b>	<b>+ 30 Windows</b>	<b>-20% Change</b>	<b>52.8% Growth</b>

*\*Gross Impressions here is equal to number of telecasts multiplied by the average total Persons ages 2+ for each.<sup>74</sup>  
Source: Nielsen Media Research.*

## 7.2 VALUATION TECHNIQUES

There are several approaches to doing a sports media rights valuation. Ideally, it is best to use and compare at least two such methods in order to provide a high level of confidence in the results. In all cases, we assume that the rights are subject to competitive bidding, and that there are at least two potential well positioned acquirers, in order to unlock significant “market” value from the content. There are at least three key, different methods to arrive at an appropriate annual rights fee value estimate;<sup>75</sup> in this case we are applying two of the three: (1) a comp analysis and (2) a sum of the parts, but not (3) re-expression.

1. **Comps.** In order to do a “comp” (or comparative) analysis we examine the value of similar properties, and adjust them as required, and then apply the result to the WBBC to yield an approximation for the value of the media rights. A comparative analysis (like a home appraisal) uses the recent negotiations of rights deals for similar properties and adjusts these results for the subject property (e.g., number of bedrooms and lot size for a home). Here, we adjust by number of games, duration, audience size, etc., to value a sports package.

**This particular situation presents a very challenging exercise. There truly are no ideal comps to the WBBC package. While Power Five conference packages are very similar to one another, and pro leagues**

<sup>74</sup> See Exhibit 11 for details.

<sup>75</sup> Only an actual negotiation provides a true measure of the FMV of a property, hence these are only estimates of the value.

**can often be good comps for each other, no other sports rights package we are aware of very closely matches all the key featured elements contained in the WBBC.**

2. **Sum of the Parts.** The second alternative approach is called a “sum of the parts” method, where we deconstruct the individual elements of value contained in the media rights grant for the WBBC, adding together the various positive values and subtracting the related expenses. In real estate, this is similar to a replacement cost assessment where one looks at the cost of the land, improvements, and construction together to arrive at a FMV estimate.
3. **Re-Expression.** Another valuation alternative we have used in prior engagements is re-expression. This approach relies on the original deal having been done at fair market value, and the key need at this time is to simply adjust it for the changes in the marketplace over the duration of the current term. This would require use of the existing ESPN deal as a base in this method to estimate the current value. Since we deem that 2011 big bundle transaction, without any specific allocations to particular sports, does not reflect FMV of the WBBC as a stand-alone package, even at the time negotiated, we have elected not to utilize this method in our analysis.

We applied the first two methods above (comps and sum of the parts) to arrive at an appropriate annual rights fee estimate for the WBBC. We also used three alternative forms of the comp analysis: (i) the MBBC; (ii) the MBBC applying a discount; and (iii) a simulation using the MBBC, WNBA, and U.S. Open Tennis together. Collectively, we believe this triangulation of these three comp approaches together, along with the sum of the parts, provides a good degree of confidence of the range of appropriate values for the rights. A more detailed review of these methodologies is provided below.

Finally, as a check against the calculated comp results and sum of the parts, we will examine the prices paid by ESPN for a variety of its other sports properties, which each deliver similar total viewing in the neighborhood of the WBBC and the Other Championships package collectively. This helps to validate the results, providing added comfort that our analysis accurately reaches a reasonable conclusion.

### **7.3 COMPARABLE ANALYSIS PROCESS**

Just as in real estate, one can construct a comparable analysis by looking first for recent transactions that are the most similar, and then adjusting the desirable attributes or lack of detrimental aspects related to the recent transactions. In a sports media rights analysis, one first selects a group of similar televised live sports events to consider. Here, we look at similar attractiveness (prestige of event), comparable ratings, similar type of product (sports, not entertainment), etc. We would not compare NFL Monday Night Football with Major League Soccer; the NBA with the Little League World Series; or the College Football Playoffs with regular season ACC Men’s Basketball. The properties must be sufficiently close, with similar characteristics, in order for the comp approach to approximately value the subject property. In this case, the single closest

comp is actually the NCAA's MBBC, though we recognize there are significant differences as well. Adjusting for these important, but less radical differences, such as the actual number of games included, the extent of sponsorship rights available in the package, and historical ratings data trends, yields a useful estimate.

Typically, Women's sports content transactions for major events (e.g., Olympics, World Cup) are bundled with Men's. No other major U.S. Women's Championship deal is negotiated separately from a Men's deal. For this reason, we have chosen the Men's tournament and some other properties which contain many of the same characteristics. We discuss the specific alternatives we considered and rejected below, as well as those we selected, and why, to create our composite group.

The "comp" group estimate is based on synthesizing a group composite of several sports properties adjusted to more closely reflect the value of the WBBC, in light of the fact that in this particular case, no other property really is an ideal "comp." We believe we can thereby simulate a good comp valuation through combining the MBBC data with the WNBA and U.S. Open Tennis. We will address how we do so in more granular detail below.

## **7.4 SELECTING APPROPRIATE PROPERTY TRANSACTIONS**

Creating a comp analysis involves first surveying the sports programming deal landscape for potential comp properties, and selecting a group of the most appropriate transactions, most closely similar to the target property we are valuing. We have identified potential recent comp transactions (though there are only a few each year to consider) that are the most similar available. The better/closer the comp transaction, the less adjustment is needed in order to make them match, and to use the transaction as a reference. This also leads to better, more reliable results – an appropriate rights payment amount for the product we are valuing, in this case, the NCAA's WBBC telecast rights.

### **7.4.1 The Selection Process**

We identify sports rights packages and consider those which are:

- Recently negotiated transactions (since the last ESPN/NCAA deal).
- Competitively bid in a free/unencumbered fashion.
- Similarly situated: attractiveness, length of season, type of sport, nature of event.
- Comparable event package size, number of events, deal term.
- Relatively similar audience size and demographic (though we can adjust).

We considered a wide variety of potential comp properties. Here is a list of those we rejected from consideration, including the reason(s):

- **American Athletic Conference (“AAC”)**: Recent deal, but football dominant, mostly regular season, content of regional interest.
- **Big East Conference**: Mostly Men’s college basketball, regular season, fairly dated transaction (2013), content of regional interest.
- **FIFA World Cup**: Like the Olympics and MBBC, one of the highest valued sports properties in the world. Quadrennial one-month property. Women’s World Cup is part of overall FIFA Men’s World Cup deal.
- **Golf Grand Slam majors**: Primarily Men’s events only, short duration (four days), British Open Championship outside the U.S.
- **International Tennis Grand Slam majors**: Similar format and duration of Men’s and Women’s matches but negotiated together, take place outside the U.S. with time zone differences.
- **Little League World Series**: Much larger package, mostly boys games, airs in August, lower profile than WBBC.
- **LPGA Golf**: Small audience, sold in combination with Men’s PGA Tour.
- **Major Pro Leagues**: Playoffs and regular season combined; Men’s events only, NFL much higher audiences, NHL mostly smaller.
- **MLS Soccer**: Mostly regular season matches, small TV audiences, U.S. pro league not as popular nationally as EPL and leading international leagues, Men’s events only, not a tentpole.
- **NASCAR**: Regular season, bigger average audiences, larger package including Infinity and Trucks, geographic skew, full year of events, virtually all male participants.
- **NCAA Men’s and Women’s College World Series**: All part of the NCAA’s Other Championships package so any use of the data would be circular.
- **NWHL Hockey**: Separate entity (not part of the NHL), but way too small to consider.
- **NWSL Soccer**: Stand-alone, Women’s-only property, but too small compared with the WBBC.
- **Olympics**: Similar to the MBBC, is one of the most valued sports properties in the world. Similar event length (over three weekends), but quadrennial, multiple sports (including Basketball, but as a small minority of the content), and very large package of Men’s and Women’s events.
- **PGA Tour**: Principally regular season with just three “Playoff” (Fed Ex Cup) events, smaller audiences, full year schedule, non-

Grand Slam events, Men's events only (now sold together with Women's LPGA).

- **“Power Five” College Conferences:** College Football is dominant element, Men's events primarily, mostly regular season, mostly content of regional interest.
- **Women's UFC:** Packaged as part of Men's Ultimate Fighting Championships deal (an extreme, violent fighting event series), full year, individual not team sport, very different demographics, emphasis on pay-per-view events.

#### 7.4.2 Identified Comps

**NCAA MBBC 2024-32 Deal:** The last CBS/Turner Agreement for the MBBC was dated April 2010 and ran through the 2023-2024 NCAA academic year. That deal was amended as of March 2016, adding eight more seasons, 2024-25 through 2031-32. As this was the last negotiated transaction, we focus in our calculations on the rights to be paid for the additional years of term, which are paid either during the extended period, or through new pre-payments (also known as signing bonuses).

This is the event most like the WBBC, though it is obviously (i) much higher-rated, (ii) much more established in fans' consciousness, and (iii) considered a larger major event in the sports TV marketplace. However, it takes place at the same time of the year, is the same sport, uses the same single elimination format involving 68 teams vs. the WBBC's 64 teams, also takes place over the same three weekends, involves the top college teams from all over the country, is formatted with a similar number of simultaneous games in the early rounds, and has the same in-game commercial inventory format.

We must address a few differences in order to apply this data:

- We must account for the fact that the agreement was extended in 2016, to extend the term until 2032.
- Since this includes the period we wish to project into, we must account for the signing bonuses and increases in annual consideration agreed to in that agreement extension.
- Additionally, since the CBS/Turner Agreement contains the rights for the MBBC as well as the rights to enter into Corporate Champion and Partner deals in the name of the NCAA, we must back out the latter from the computation, as these rights are not available to a purchaser of the WBBC until after 2032, at a minimum.

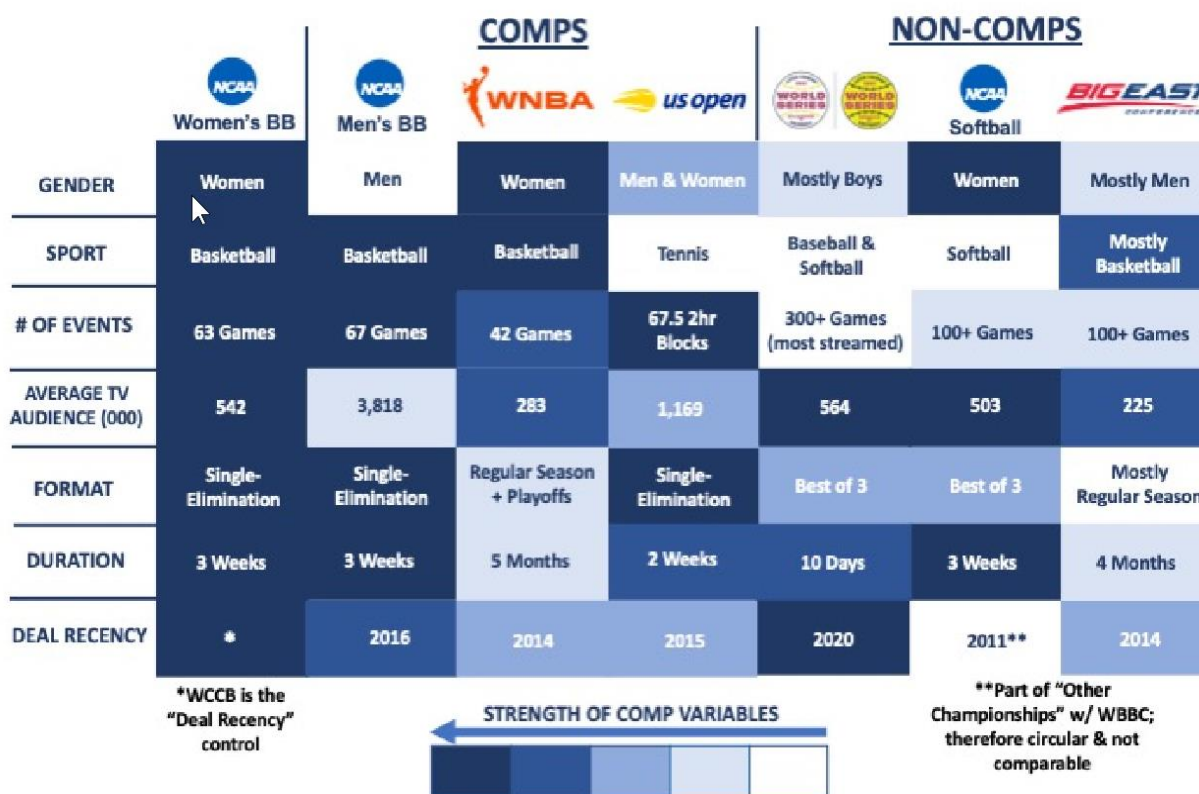
**WNBA:** This is the only other product which is exclusively Women’s basketball in the U.S. There are clear differences compared with the WBBC, however, including that (i) the NBA negotiates this separate deal in conjunction with rights to the Men’s league, (ii) it includes both regular season and playoff contests on ESPN, ESPN2 and ABC, (iii) the package is for a smaller number of games, (iv) with much smaller ratings, and (v) the rights are non-exclusive (as mentioned earlier, Amazon, Facebook, Twitter, and Paramount+ are all streaming WNBA games this season). In addition, (vi) the WNBA operates in far fewer markets (11) with (vii) fewer teams (12) and (viii) a shorter operating history (WNBA: 25 years; WBBC: 40 years). It is nevertheless a very useful datapoint illustrating what two well informed, professional organizations consider the appropriate value for a women’s-only basketball property, hence a comp.

**U.S. Open Tennis:** Tennis is a (i) generally less popular U.S. sport than basketball, and it is (ii) an individual vs. team sport (with the exception of doubles which largely is not as fully nationally-televised). The event features the 128 best professional male and 128 best professional female players in the world in a single elimination format in five competitive categories. The event takes place in a major U.S. market (NY) over 13 consecutive days, on an annual basis, and features early rounds with multiple simultaneous matches, and with more than \$50 million in prize money.

For visual representation of the Comparative Analysis property selections, please see the following graphic as we compare the WBBC to the MBBC, WNBA, U.S. Open, Little League World Series, College World Softball Series & the Big East against our determined variables of measure. The WBBC data will serve as the “control” in this examination.



Figure 7.4: WBBC Illustrated “Heat Map” Comp Comparison



Clearly, not one of these properties itself is an ideal match for the WBBC. However, each contains multiple similarities to the prospective WBBC stand-alone package. We believe that using these three comps together provides a useful collective simulation of the value of the WBBC, but also recognizes that the grouping is nevertheless imperfect in a traditional comp context. As a result, we suggest that the sum of the parts analysis below and the ESPN Programming Analysis in section 7.16 below also be used to provide additional comfort, validating the projected valuation results.

## 7.5 ADJUSTMENTS

Once we have examined each of the potential comps, and selected those which are closest, we must adjust for the differences between the comps (e.g., expected ratings, age of the transaction, other elements included in package, deal term length, etc.). We make the adjustments to those transactions in order for the properties to effectively be “the same” for valuation purposes. In real estate this would mean taking homes in the same area, and adjusting for lot size, age of the home, number of bedrooms and size, date of the transaction, etc. Here are the steps we use:

1. Obtain actual financial, schedule, term and audience data for each property we have selected, as well as the “target” property we are simulating a value for, here the WBBC. Since actual agreements may not all be available (as in

this case beyond the MBBC), we gather public data and insights/information from our network of industry contacts – people who have worked directly at and/or managed these businesses/rights and who have relationships with those who do know the data. We organize key variables for each property in an apples-to-apples fashion (e.g., all rights-fee properties, where the licensee pays the production costs and sells ad time together, number of games, size of audience). We also adjust for any signing bonuses, if necessary.

2. Adjust Growth Rate/Timing for Rights Fees. Sports rights values have been steadily growing for decades. The agreements typically cover a multi-year period, often ranging from 6-12 years each. The rights fee payments during the agreements tend to increase during each year of the term; however, the amount of these increases do not typically equate to the actual escalation in the underlying value of the rights. Usually, an agreement is negotiated for a period of time, and the payments grow fairly modestly (~4%) during that term. When the agreement ends, and is renegotiated, there is often a significant jump (known as a reset) in the deal-over-deal amount of the rights fees for a package of between 50% and 300%. This often occurs even if the items included in the negotiated package are similar to the expiring package. Over the past few decades, the typical pattern in this industry is for the underlying value of major sports rights to grow at about a 10% rate, when one considers the single digit growth during the term together with the deal-over-deal (“reset”) growth between terms. This is important because it means that the actual payment in a given year may not reflect current market value in that particular year.

The growth rates in this industry are similar to a long-term office or retail space lease. Macy’s might have a 30-year lease in a particular shopping center which grows at 3% a year. At the same time, the price for vacant real estate in a high growth, high profile area might be growing at 8% a year. When the lease expires, the jump to “market” rent can be substantial. For example, let us say that Macy’s lease is for \$50/foot starting in 2012. In year five, Macy’s would be paying \$56.28/foot (\$50 grown at 3% rate). The average lease amount during the 10-year term would be \$57.12/foot. However, the appropriate FMV rate for the space in year five of such an arrangement would be \$68.02 (\$50 grown at an 8% rate). The same situation exists in the sports media industry with regard to high profile sports rights.

In recent years, the average deal term has continued to grow longer. It is not uncommon for a sports rights agreement today to be at least 10+ years in duration, and some last as long as 25 years. This is especially true in Division I college athletics. The current agreement between ESPN and the NCAA has a 14-year term and the CBS/Turner deal runs to 2032. When an agreement has an extended term, it is typical for the predetermined rights fee payments to slowly grow annually. Usually, the rights fees under a media rights agreement are publicly quoted as an average annual amount (AAV), but due to typical growth, the early years might be 25-35% lower than the average, and the final years payment would then be a similar amount greater. We have been directly involved in many transactions for NBA, NHL, and MLB teams and

leagues, as well as advising several DI college conferences on deals in recent years.<sup>76</sup> These agreements have typically grown in value during the same period at a CAGR (Compound Average Growth Rate) between 8.5 and 10%.<sup>77</sup> There are some industry headwinds that may cause future growth to slow somewhat. To be conservative, we will adopt a rate of 9% for annual underlying adjustment purposes in this comp analysis.

As a result, the amounts paid for media rights jump significantly when they are renegotiated and extended, like in the Macy's example above. Thus, a 10-year TV rights agreement, with growth at 5% a year might average \$100 million, but start at just \$80 million, and end at \$125 million. When we use agreement data for comp analysis purposes, it is essential to match up the periods and adjust the amounts accordingly in order to determine an appropriate amount for a particular year. **For purposes of this valuation, we have chosen the 2025 WBBC to focus our valuation on because it is the first year after the expiration of the existing ESPN Agreement available to bid.** Typically, in this industry, the negotiation for a new deal starts with an amount above the end value of the previous expiring one, rather than at the AAV (e.g., \$125 million in the Macy's example, not the AAV of \$100 million), and grows from there.

## 7.6 APPLYING RESULTS TO WOMEN'S BASKETBALL TOURNAMENT

Applying the comp property per viewer rights fee results to the audience and programming of the WBBC allows for the calculation of a fair market value estimate for the rights. Please note that the numbers in this section have been rounded in order to simplify the presentation of the material. Our calculations are based on the actual underlying numbers, taken to several decimal places. Therefore, the rounded numbers shown will often not add or multiply exactly due to the impact of multiple such roundings within the calculations.

### 7.6.1 MBBC Comp

We will start by examining the MBBC alone as an indication of the potential FMV of the WBBC. As the single most similar property, we can consider the data it supplies as a valuable starting point. In most respects, the MBBC exhibits the same properties as the WBBC (time of year, number of games, format of Championship, legacy of schools involved, geographic distribution, type of sport). The key exceptions are the much higher audience level of the Men's, and the fact that it is simply a much bigger, more prestigious, more established event on the U.S. sports calendar.

The Men's Championship will generate average annual rights fees of \$1.1 billion during the 2024-2032 term. We make adjustments to deduct the part of consideration applicable to the Corporate Champion and Partner rights as

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<sup>76</sup> See Section 9 for bios of the authors, and clients of Desser Sports Media, Inc.

<sup>77</sup> 2018 PwC North American Sports Industry Media Revenue growth 9.26% CAGR 2010-2019.

distinct from the TV rights.<sup>78</sup> We account for the signing bonus payment applicable to the 2024-2032 period covering eight tournaments. After those adjustments, we reflow the Agreement payment amount to simulate the 2025 value of the event rights.<sup>79</sup> There are 67 games in each annual event (including the play-in games), so we can determine the rights value per game. Dividing that by the average viewership yields a per viewer, per game average rights fee.

By comparison, the Women's 63-game tournament averages an audience of 542,000 average persons 2+.<sup>80</sup> Multiplying the MBBC average per game per viewer value times 542,000 viewers for the 63 games, results in a WBBC estimated valuation of **\$101 million**. This is a very substantial amount and does not reflect the extent to which the Men's tournament could reasonably justify a premium valuation, as a far more established, larger viewed event. If we were to discount the amount by 20% to account for this difference,<sup>81</sup> that would instead project the value of the WBBC at **\$81 million**. A range of \$20 million between the discounted estimate and the full estimate is significant, but depending upon the extent of competition for the package at the time of bidding, we believe it is reasonable. A particularly attractive WBBC package, which has not been available in the market for over two decades, could easily achieve the high end of this range (or more) if there is spirited bidding, just as the sale prices for many homes in recent days have exceeded "asking" prices.

### 7.6.2 Non-NCAA Comps

Taking a broader look at the valuation comps, we now turn to the non-NCAA properties previously discussed. The WNBA and U.S. Open Tennis each possess significant similarities to the WBBC.

- **WNBA:** While the package on ESPN/ABC is (i) smaller than the WBBC, and (ii) contains both regular season and playoff games, (iii) most of which are lower-rated, it is the only other property of the same gender and same sport which is licensed on a stand-alone basis on the same networks, though it must be noted that that sale is done in conjunction with the licensing of the far more popular and more established NBA Basketball, by the same executives, so the extent of complete independence is limited (the NCAA could do the same). The

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<sup>78</sup> Because CBS/Turner pays for both the broadcasting rights as well as the right to sell the NCAA Corporate Partner Program, it is essential to back out the latter amount from the comp analysis before using the remaining right fee in the calculation.

<sup>79</sup> NCAA CBS/Turner Contract, March 14, 2016, Exhibit B, Royalty/Rights Fees, Payments During Term.

<sup>80</sup> 2021 Persons 2+ average game audience for ABC, ESPN, ESPN2, ESPNU, Nielsen Media as furnished by DSM Industry contacts.

<sup>81</sup> There is no known metric we are aware of which approximates the premium amount that the MBBC receives in rights fees over and above that which captures its much higher ratings. We recognize that larger audiences result in increased media value for the same unit of viewership. We have applied an estimate of 20% based on our professional expertise.

WNBA licenses approximately 42 games per year to ESPN/ABC.<sup>82</sup> The average WNBA game telecast on ESPN/ABC generates viewership of 283,000,<sup>83</sup> nearer in size to the WBBC average audience of 542,000 for 63 games.

- **U.S. Open Tennis:** A multi-week event played each September in New York, the USTA licenses ESPN the rights to the entire event for \$70 million/year, as part of the \$770 million, 11-year deal which started in 2015.<sup>84</sup> Assuming 9% annual underlying rights value growth from the deal midpoint, the 2025 estimated rights fee will be **\$108 million**.
  - Over the two-week tournament, there were 131.4 hours of live televised events on ESPN and ESPN2 (2019, Nielsen Research).<sup>85</sup> This represents 65.7 two-hour blocks (equivalent to a 120-minute basketball game—very close to the WBBC).<sup>86</sup>

Combining these three packages into a composite yields the following:

Property	Network	Games/ Yr.	P2+ Avg Audience (000)
MBBC	CBS/Turner	67	3,818
US Open Tennis	ESPN/ESPN2	66	1,169
WNBA	ABC/ESPN/ESPN2	42	283
<b>Average Rights Fees/Viewer</b>		<b>\$3.07-3.27</b>	

## 7.7 WOMEN’S BASKETBALL CHAMPIONSHIPS RIGHTS VALUATION

Starting with the results of the Comp Rights analysis, we use the \$3.07-3.27 range in rights fee per game per average viewer. This figure is then multiplied by the average number of viewers for the WBBC in the most recent year of 2021 of 542,000. Our analysis assumes the audience to be flat (using 2021 actual performance and schedule).

$$\mathbf{\$3.07 \times 542,000 = \$1,666,000}$$

$$\mathbf{\$3.27 \times 542,000 = \$1,773,000}$$

<sup>82</sup> *ESPN’s new deal doubles rights fee*, Sports Business Journal (May 9, 2016), <https://www.sportsbusinessjournal.com/Journal/Issues/2016/05/09/Media/ESPN-WNBA.aspx>; Kevin Draper, *W.N.B.A. Games to Air on CBS Sports Network in New Deal*, N.Y. Times (Apr. 22, 2019), <https://www.nytimes.com/2019/04/22/sports/wnba-television-new-deal.html>.

<sup>83</sup> Publicly reported Nielsen Media Research audience data, P2+ Average Audience, 2019 ESPN, ESPN2 and ABC. Showbuzzdaily.com.

<sup>84</sup> NCAA Media Consultant’s Report, July 2020, Page 47.

<sup>85</sup> Showbuzzdaily.com.

<sup>86</sup> Note “games” here with respect to U.S. Open Tennis refers to the number of 2-hour blocks of live tennis programming, in order to align with two-hour WBBC and WNBA games.

This is the estimated value of the WBBC rights fee on a per game basis using the three comps. Note that prior years used a different scheduling format, so the average audience was higher, but the number of telecasts was lower, though the same number of games were licensed. In the future, we assume that all games of the event will continue to be nationally televised. Finally, we multiply the projected rights fee per game range of \$1.67-\$1.78 million by the number of games in the Championship of 63, which results in a projected rights fee value for the entire annual Championship of **\$105-\$112 million in 2025**. \$81 is the low end of the MBBC comp, while \$112 is the high end of the 3-party composite comp. The midpoint of the full range is \$96 million.

**Comps Summary:**

<b>MBBC-Only</b>	<b>\$81-101 million</b>
<b>3 Property Composite</b>	<b>\$105-112 million</b>

## **7.8 SUM OF THE PARTS**

Under this rights valuation method, we sum together each of the most significant elements of revenue (or value) within the telecast rights like a cash register receipt, with each of the items added together, less any credits or costs. We examine all of the elements which are part of the rights granted, including: direct revenue opportunities such as advertising inventory, an allocation of the cable subscriber affiliation revenue paid by viewers that is attributable to the programming, digital content rights, additional benefits such as lead-in and lead-out audience increases, benefits in the value of the regular season inventory, packaging leverage, and international rights. We then subtract the direct costs, including the event telecast production and talent costs, transmission, and ad sales costs for advertising agency commissions. This provides a net amount that can then be split between the rights holder and the network. After subtracting an appropriate profit margin, we can determine the appropriate amount remaining for rights fees.

1. **Network Placement:** ESPN has the option of programming a certain number of the games on ABC, or ESPN, its primary national sports network; ESPN2, its secondary network; ESPNU, its collegiate network; or ESPN3, its digital streaming network. ESPN+, a newer, subscription-supported direct to consumer platform, is not currently a permitted network for delivery of NCAA programming under the terms of the NCAA/ESPN Agreement, nor are the various ESPN-operated conference networks like the SEC and ACC Networks. Since ABC is available to virtually every U.S. home with a TV (about 121 million nationwide), it tends to be more highly sampled by viewers and the ratings for the same programming tends to be higher than if placed on ESPN, and even more so compared with other ESPN networks. As a result, ESPN can anticipate generating a larger average audience for the WBBC by placing additional games on ABC rather than ESPN or ESPN2. Additionally, ABC attracts far more female viewers than does ESPN. Broadcasting the final Championship Game on ABC could easily generate a 50% larger audience (closer to six million), and at least that percentage more

in advertising revenue (broadcast network commercial time tends to sell at a higher rate than cable network inventory).<sup>87</sup>

2. **Commercial Format:** The inventory load available for sale in the WBBC is approximately 58 to 62 thirty-second commercial ad units per game. This is based on the number of time outs and other stoppages of play, and the duration of the average time out. Additional ad breaks are formatted prior to the tip-off, and at the end of the game. Then there are additional units in the pre-game and post-game shows, though these typically sell at a lower price, and have lower average audiences, which are addressed below.
3. **Advertising Revenue Estimate:** To estimate advertising revenue, we apply 2021 actual average P2+ audience by round and network for each game of the WBBC, the number of ad units available and sold, and applicable ad pricing, less the industry standard agency commission for ad sales/placement.<sup>88</sup>
4. **Advertising Pricing:** Costs for commercial ad units are typically expressed on a “CPM,” or a “cost-per-thousand” basis. It is like the price per gallon for gasoline. The CPM represents the cost to reach 1,000 viewers with a 30-second commercial spot. For instance, if an audience consists of 500,000 people, and the CPM is \$20, the cost per commercial is determined by multiplying the CPM (\$20) and the number of viewers in the thousands (here, 500). Stated another way,  $CPM \times \text{the number of viewers (divided by 1,000)} = \text{the cost for a thirty-second advertisement}$ . In this example, such an ad would cost \$10,000. CPMs vary depending on the medium, type of programming, target audience, ratings level, attractiveness of the program, the time of day, and time of year, and general demand. Importantly, live sports generate the very highest CPMs (like premium grade gasoline). In addition, the second quarter of the year has some of the highest pricing, due to the higher spring season advertising demand (QSRs,<sup>89</sup> automotive aftermarket, do it yourself home repairs, gardening, beverages, summer movies, etc.).
5. **Sell-Through:** Another variable in the calculation of estimated ad sales is the proportion of advertising time sold. This varies from very high levels approaching 100% for the Super Bowl, to much lower levels for abundant summertime regular season Major League Baseball, or late-night movies. For a major event like the WBBC, taking place in the high-value, high demand late

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<sup>87</sup> Assuming the placement of the Finals simulcast on ABC, we estimate incremental ad revenue of \$630,000 but a decline of attributable subscriber fees due to decreased benefits (but not actual lost cash) to ESPN of \$4.8 million, resulting in a net decline of “attributable value” of \$4.2 million. While this move would benefit the NCAA and expose the event to more viewers, it would leach value from the ESPN affiliate revenue proposition, even though it would not actually impact that Disney revenue stream in the short term. ESPN frequently places major events on multiple platforms (a Megacast) to grow the total audience, though there are also advantages to the company of keeping events only on their high-priced cable networks.

<sup>88</sup> See Exhibit 11.

<sup>89</sup> Quick Service Restaurant (in the case of the CPP, Wendy’s).

first and second quarters, we would anticipate fairly high sell-through rates of about 80%.<sup>90</sup>

6. **In-Game Ad Sales Calculation:** To determine the expected ad revenue from the WBBC, you must first start with the number of units in the commercial format (60 in-game and in halftime), multiply it by the sell through rate, which here is 80%. Thus, we expect 48 of the 60 units to sell (the others would be used for promotions and/or make-goods). We then look at the average expected audience of 542,000 (this is based on current ratings and schedule in 2021, which as noted above is likely to continue to grow due to some of the changes we suggest above) and multiply by the average CPM we have estimated based on discussions with sales professionals of \$18 today, growing to \$19 by 2025. This gives us a per unit price per 30-second commercial of \$10,298 blended across all networks. Net of 15% agency sales commission that would be \$8,753 per sold spot. Multiplying by the 48 sold units gives us \$420,158 in net ad sales per game. Multiplying by the 63 games, that amounts to total net ad revenue of \$26.47 million for the games themselves, before pre-game/post-game and other programming.
7. **Pre-Game, Post-Game and “Bridge” Shows:** A similar exercise can be conducted on the sales of the 12 ad units for each half-hour pre-game and post-game show. The pre- and post-game units are priced at a lower CPM because they are less desirable than units within live play-by-play, and also generally generate smaller audiences. We assume that ESPN can schedule 12 such shows each year, times 12 ad units per show is 144 ad units, at 80% sellout is 115 sold units. Pre- and post-game shows sell at about one-half the CPM (\$9.5) and approximately half the in-game viewership rating as the average game (271,000). After a 15% agency commission, we project a net amount of \$252,000 annually. The Final Four Bridge show, airing in the highly-rated period between the two WBBC Final Four games, alone generates viewing averages of 1.5 million for 45 minutes, so with 24 available, and 19 sold units at \$14 CPMs (\$21,000/unit), that is another \$339,000 in net revenue opportunity, for a total of \$591,000/year for the pre/post and bridge.
8. **Out of Home/Digital Platforms:** New technologies will also provide an additional opportunity to monetize the WBBC games. A digital platform can be targeted to younger viewers, mobile viewers, or packaged with the broadcast. A digital platform can therefore be used to extend the reach of the typical advertising monetization by the broadcaster such as ESPN. Examples include customized highlights (created with the specific interest of individual viewers in mind), social media access sales—selling multiple packages of highlights of these events via premium subscription delivered to platforms like Facebook and Twitter. As this is a quickly growing opportunity, we can

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<sup>90</sup> Note this is also a place where the presence or lack of NCAA corporate partner advertising is critical to generating higher pricing and levels of sell-out.



also assume double digit increases in future years. This could be ultimately as valuable as traditional linear advertising alone. We estimate<sup>91</sup> that an additional 20% of estimated net linear advertising revenues can be generated from digital advertising related to the WBBC, or approximately \$5 million annually (see item 6 above).

9. **Pre-game/Halftime/Post-game Sponsor:** A premium is typically attached to the game presenting sponsorship, and to a wrap-around and halftime “studio” or “Presenting” sponsor entitlement. They can easily add millions of dollars in value to a sports sponsorship package like the WBBC, as it provides added value and rationale to spend more on media within the body of the program for supporting spots. This is a miniature version of the title sponsorship for the game itself (which is precluded by the current ESPN Agreement but represents another element which could potentially be accommodated in a new WBBC Agreement, provided changes are made with CBS/Turner as set forth in section 6, “Corporate Champions & Partners Program Adjustments,” above). We estimate that these types of sponsorships would add another \$2 million of annual value to the WBBC.
10. **International Value:** Basketball is a huge seller internationally, led by the NBA for decades. ESPN does sell content to a number of key markets, and has affiliated companies in Latin America, Asia, Mexico, and Canada. ESPN has worldwide distribution rights for the NCAA Other Championships, in addition to the MBBC and WBBC. The WBBC adds cachet to the ESPN international programming packages and makes them more valuable in the global marketplace as well. Based on our experience in the sports media industry, we estimate at least \$5 million in value from sales of the WBBC to the rest of the world. That is before consideration of the attractiveness of the package to potential new bidders, like Amazon, which favor purchasing worldwide rights where they can, adding an extra dimension to the draw for a bidder of the WBBC.
11. **Re-Airs:** ESPN retains the right to re-air WBBC games after the live telecast. While these re-airings would not be expected to generate large audiences, over the course of the year, it would be easy to obtain 1-3% additional ad sales (\$500K) in these re-airings, even if no added affiliate revenue were allocated. And such re-airings have the benefit of filling some of the 8,760 hours on each ESPN linear network each year without the expenditure of anything more in production or rights costs. Potentially even more significant today, the rights to add the entire WBBC to an SVOD (Subscription Video on Demand) offering, making the total value as much as \$5 million.
12. **Affiliate Subscriber Fees:** The largest source of revenue for ESPN or any major pay TV sports network that supports the purchase of live sports rights

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<sup>91</sup> This estimate is based on our discussions with key industry insiders.

are the payments of literally billions of dollars in subscription fees from sports fans, via their cable operators, that are then paid to the network. As network executives have said, the sports network business is primarily an affiliate revenue business, supplemented by advertising. It is therefore critically necessary to account for these values, and attribute them to the programming they support. In the media rights industry, the reality is that the subscription fees are a substantial portion of what goes into rights fees for broadcasters like ESPN, CBS/Turner and Fox. The subscription fees are negotiated in advance, and on a long-term basis, between the network and the distribution affiliate, based on a general expectation of the network programming line-up, historical performance, and the existing marketplace for the channel (i.e., what other MVPDs are paying since the industry largely operates on “most favored nations” provisions). The amount of fees represents payment for the broad package of programming delivered by a network, especially key events, but most often not for any single event.

The fees are not particularly responsive to the changing programming schedules of networks. As such, the addition of a major new rights package does not instantly increase the affiliate revenue available to pay for it. The networks must often buy the rights up front, and wait until the next renewal of the license fees with the particular distributor to capitalize on it. But make no mistake, no major league, conference or association’s sports media property is supported by advertising revenues alone. This is neither how the media rights industry works nor how entertainment companies that bid for sports rights value and pay for the major sports media rights they acquire. See the following section for calculation of the affiliate fee allocation.

## **7.9 AFFILIATE FEE ALLOCATION**

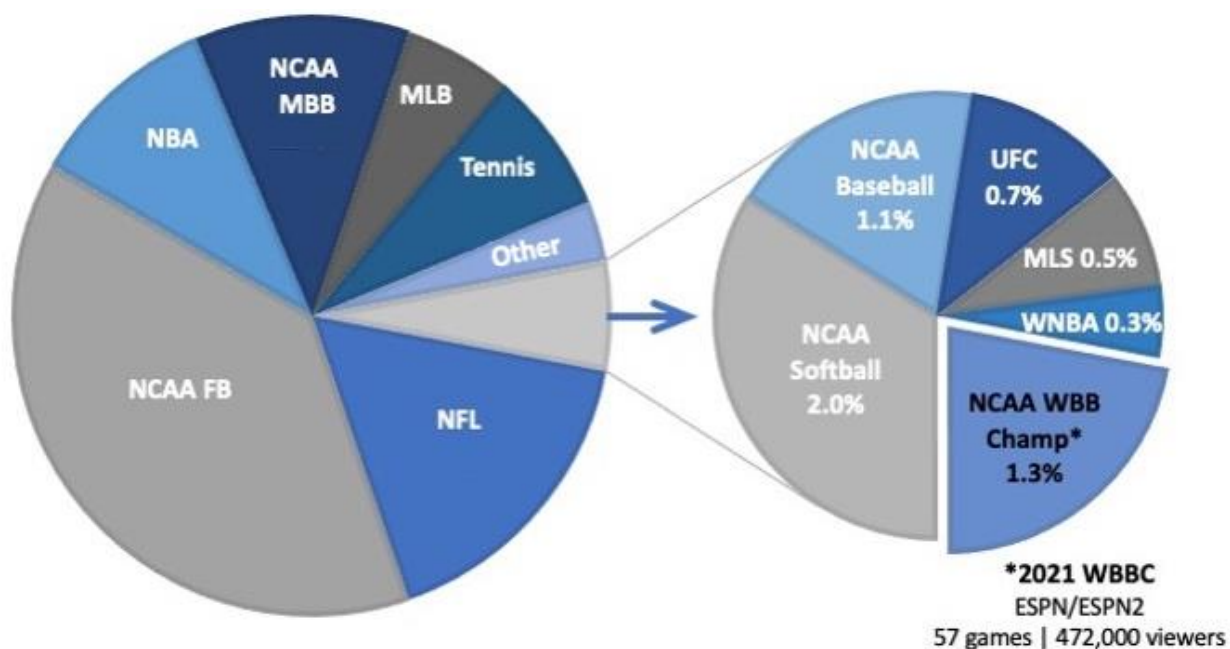
As part of the “sum of the parts” methodology, we have developed an analysis that allows for the reasonable allocation of the affiliate fees received by ESPN to particular programming, since the affiliate agreements do not typically identify particular programming and price it. This allocation is based on the following facts:

1. Major live sports event programming is the most important programming on traditional pay TV; it is justifiable to ascribe value (a share of affiliate fees) from national sports networks to this content. Studio shows, secondary and tertiary events, documentaries, and infomercials are not unique content; they do not rise to the level of importance that they can reasonably share in an allocation of affiliate fees.
2. Gross Impressions Share is a cumulative measurement of audience. It is a way to think about the total amount of audience, or the “tonnage” of the event compared with the total audience for all live major events. The relative value of live programming is a reasonable metric to determine the applicable portion of the affiliate fees to allocate to the WBBC inventory at issue. Starting with the average viewing of each major programming package, such as NFL, Major

League Baseball or the SEC, the share is based on the average audience for the programming package times the number of hours it is aired, divided by the total cumulative annual viewership of the network for all major live programming.

3. Subscriber revenues are calculated by the network average per subscriber monthly fee from all of its affiliates multiplied by the average number of network subscribers on those affiliates. This is then multiplied by 12 (months) to arrive at an annual figure. This is by far the largest network revenue source.
4. The allocable subscriber revenue is the share of total live event viewing for the package times the total annual subscriber revenue.

**Figure 7.9: ESPN Networks Estimated Share of Live Event Viewing<sup>92</sup>**



Source: <sup>93</sup>

<sup>92</sup> Number of events multiplied by typical duration times the average audience Persons 2+ (excludes ABC, and ancillary and adjacent programming). 542,000 includes ABC, but not applicable for allocation of ESPN affiliation revenue.

<sup>93</sup> Nielsen Media data, P2+, US ratings, Live SD, 2019; NCAA Media Consultant Report, July 2020 (pages 59 and 60); NCAA furnished Nielsen Media data; DSM industry contacts; www.showbuzzdaily.com.

## 7.10 AFFILIATE REVENUE ATTRIBUTION

Examining the NCAA programming from the ESPN Agreement, in the context of all of the major live event program viewing on the ESPN family of networks, and focusing on the WBBC in particular, it represents 1.3 % of the live viewing.<sup>94</sup> ESPN is projected to generate a total of \$10.23 billion in 2025 projected affiliate revenue;<sup>95</sup> 1.3% of that affiliate revenue would result in the allocation of \$129 million to the package.

## 7.11 ADDITIONAL VALUE

Beyond the direct revenue received by ESPN, there are a variety of additional benefits to the network that increase the value of an event the scale of the WBBC to the ESPN/ABC family of networks. We have captured some of this value in the examples below. However, to be conservative, we did not include any of it in this valuation. Collectively, these additional sources of value provide ESPN with about another \$10 million in added value each year the WBBC is telecast.

1. **Promotional Value:** The WBBC games present an excellent opportunity to promote other events and series shows. A major college game telecast can easily contain at least 20 such promotions (ten per hour). Many are in the form of 10-15 second promos which are usually scheduled with commercials directly adjacent to game programming. Others are announcer voice-overs with graphics which are part of the game programming itself, garnering even more attention, and therefore even more valuable. There are also “pop ups” which appear from the bottom of the screen in a particularly distracting manner. Since most of these are scheduled to appear adjacent to or during game action, they are actually more valuable than the average commercial unit, even though they are shorter in duration. That is because they are often free-standing, making them stand out more, and regularly include announcer-voice over making them appear to be more part of the content of the show than just another pre-produced promo. Because they are most likely to be noticed and therefore remembered, they can have significant value. A modest value for such a promotion should be \$4,000 for each one, half the price of commercial time; the promotions alone therefore add about another \$5 million in value to the WBBC (10/hr. x 126 hrs. x \$4,000 per promo). This does not include all of the added promotion ESPN does with its persistent bottom line.<sup>96</sup>
2. **Lead-In and Lead-Out Value:** A network receives added benefit from high profile programming in the form of higher ratings for adjacent programming,

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<sup>94</sup> This figure is just over 1.2574% but rounds to 1.3% for presentation. We use actual amount in calculations.

<sup>95</sup> MoffettNathanson estimates ESPN 2025 fiscal affiliate revenue of \$9.1 billion. NCAA Media Consultant’s July 2020 Report - Page 104 estimates \$11.36 billion. Recognizing this marketplace is currently in flux, we have adopted an average of these two projections for this part of our analysis of \$10.23 billion. Note that recent developments in the pay TV business could cause affiliate revenues to decline below these estimates. However, that would just result in the network earning a smaller profit margin, as shown in 7.14 below.

<sup>96</sup> ESPN’s constant on-screen graphic which includes sports news, scores, stats, and event promotion.

which translates into added revenue for those shows that does not show up in ESPN's P&L of the WBBC. A highly rated Final Championship game program, mostly viewed on a live basis, tends to increase the rating for the preceding program, as well as the one that follows. For example, ESPN has historically used the WBBC final to lead into Sunday Night Baseball. It is reasonable to assume a one million viewers increase for those shows which precede or follow the Final game. Using a typical commercial load of 24 units in a 1-hour window for both shows, 80% sell-through, a modest \$15 CPM creates a unit price of \$15,000, \$288,000 in sales, which after agency commission is \$245,000 each. So \$490,000 for programming surrounding the Final, and assuming half that for the semi-finals, the total impact is \$735,000 in added value. And some programs can be longer, like a baseball game, and so the ratings impact benefit can be even greater.

**Figure 7.11: Strong Lead-In Value Increases Sunday Night ESPN Baseball Viewership (2021)**



*Source: Nielsen Media, P2+(000) Showbuzzdaily.com*

- Increase in Ad Value:** Having a major event to use as an ad sales packaging element adds value to the other elements of the package. ESPN already has millions in college basketball ad revenue. Adding the WBBC programming portfolio, together with corporate partner spending, could potentially add several million dollars more of leverage value to the network sales efforts. We will assume just \$3 million in marginal value here. The NCAA's Corporate Partner Program currently drives 8-figures of ad spending and marketing support to CBS/Turner regular season programming.<sup>97</sup>

<sup>97</sup> See Section 6.

4. **Alternative Platforms “Lift” Value:** We have previously addressed the incremental value for ESPN’s digital platforms from ad sales in connection with the WBBC. But having a major event on your digital platform also provides something more. Breaking through the media distribution clutter to get users to download your app and authenticate their MVPD subscription (or sign up for your direct-to-consumer streaming service), expands the digital user base for the network and the number of hours of ESPN programming that can be consumed on an untethered (mobile) basis. Even if there are only 10,000 new additions, and a reasonable value is \$100 for each install, that provides ESPN with another \$1 million in added lift value as a result of the WBBC. Even if the event does not attract new subscribers, the programming in an otherwise quiet period of the year acts to maintain subscribers, which is equally valuable. The launch of ESPN+ also represents a big new opportunity to create value for the network. New subscriber acquisition for ESPN+ alone is easily worth an added \$1 million/year in value to the company.

## 7.12 LESS PRODUCTION COSTS

We must account for the biggest non-rights cost associated with carrying the WBBC. While many of the costs rely on a fixed investment in plant, facilities, staff, and the like, there is still out-of-pocket costs for the production of the games and the pre-game and post-game programming. These costs include remote production facilities, crew, uplink and transmission, announcers, producer and director, travel for crew and talent, and studio personnel. Overall, it is reasonable to reduce the net by an amount attributable to the production costs for the games; at about \$75,000 per game, and with 63 games, that would be about \$4.7 million per year. Due to multiple games being played in a single location, significant production efficiencies exist, which are baked into this per game estimate.

### 7.13 SUM OF THE PARTS SUMMARY (ROUNDED)

Adding together the revenue and subtracting the expenses and margin produces the following:

Net In-game Ad Sales	\$26 million
Digital/Out of Home	\$5 million
Pre/Post/Bridge	\$1 million
Halftime/Presenting Sponsor	\$2 million
International	\$5 million
Re-Airs/SVOD	\$5 million
Affiliate Allocation	\$129 million
Production Costs	<u>(\$5 million)</u>
Net	\$168 million

### 7.14 LESS NETWORK PROFIT MARGIN

While we have estimated the value of the direct benefits to ESPN, we must also consider that it is a business and needs to generate a profit margin on its operations. We therefore apply a 40%<sup>98</sup> margin on the net after direct costs, equating to **\$67 million for general and administrative expenses (G&A), overhead and profit.** This margin is more than we would expect ESPN to generate on some of its highest profile programming like Football, but far less than it earns on barter, revenue share, and time-buy programming.

### 7.15 ESTIMATED ANNUAL RIGHTS FEES

In sum, under this methodology, the estimated WBBC revenue is \$168 million, less overhead/profit of \$67 million, leaving a rights fees rounded estimate of **\$101 million**, near the \$96 million midpoint of the range generated by the Comp analysis.

### 7.16 MULTI-YEAR AGREEMENT & REASONABLENESS CHECK

We have generated results ranging from **\$81 million to \$112 million** for the value of rights for the WBBC. Assuming an 8-year term, a 4% intra-deal average rights fee growth, and a rights fee starting in 2025 at the average of the midpoint of the comps range (\$96 million) and the sum of the parts estimate (\$101 million), the Average Annual Value of the new \$909 million deal would be approximately \$114 million. A 10-year, \$1.2 billion deal would average \$118 million per season. As each of these amounts is substantially larger than what ESPN is currently paying the NCAA for the entire Other Championships package, it is useful to place these amounts into context with ESPN's other programming expenditures for packages that generate a similar amount of overall ESPN viewing from the Gross Ratings pie chart figure 7.9 above:

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<sup>98</sup> 40% is a generous figure, substantially more than we believe ESPN generates from some other major packages, like the NFL. However, given the cost structure of the business, and our desire to be very conservative, we believe 40% to cover all associated overhead, G&A, and provide reasonable profit to the Walt Disney Company is appropriate.

## ESPN Programming Comparison- 2019

	ESPN G. Imp.	Rights/yr. million	Rights per 1%
MLB	5.9%	\$700	\$119
NCAA Other Champs	<b>5.0%</b>	<b>\$34</b>	<b>\$7</b>
<b>WBBC (2025 est.)</b>	<b>1.3%</b>	<b>\$81-112</b>	<b>\$64-89</b>
UFC	0.7%	\$150	\$215
MLS	0.5%	\$75	\$164
WNBA	0.3%	\$39	\$138

The current Other Championships NCAA/ESPN deal audience and financials works out to an annual average of just \$7 million in rights fees per 1% of ESPN viewing for the 5.0% of total viewing represented by the WBBC, Women’s Softball, Men’s Baseball, as well as the remainder of the Other Championships programming. This is the lowest price currently paid per gross rating point by ESPN for any of its major programming packages generating viewing shares in the same general vicinity. This confirms that the current package substantially over-delivers for ESPN vs. other programming, and that therefore the current package is considerably undervalued. In addition, comparing the estimated value of the WBBC generated in this report to the other major packages within a few percentage points of the WBBC (therefore representing a similar volume of ESPN content viewing) supports the conclusion that the \$81-\$112 million valuation range for the 2025 event is very reasonable. Our confidence level is highest approaching the mid-point of this value range, approximately **\$96 million**. If the WBBC were paid average rights fees per 1% of viewing like MLB, UFC, and MLS above, the annual amount would exceed \$200 million.

As an additional check on our analysis, we performed a second GRP test on our conclusions. We examined another major sports media distributor (not ESPN) and found that while the WBBC package would represent a larger proportion of that network’s gross ratings points, the network correspondingly also has lower estimated subscriber fees. The resulting affiliate allocation closely mirrors that projected above for ESPN. This supports the notion that even if ESPN was not willing to buy at the estimated value we have calculated, an alternative, similarly situated acquirer would likely be willing to do so.



## 8 RECOMMENDATIONS

Based on the results of our inquiry, we have formed the following recommendations for the NCAA in connection with the management of the Other Championships in general, and the WBBC in particular:

1. Create a single Final Four Weekend in the same city combining the MBBC and WBBC (each playing their traditional schedule – i.e., Saturday/Monday; Friday/Sunday).
2. Improve the time period for the WBBC Final (move to prime time) and air the game on broadcast TV.
3. Utilize “March Madness” branding for both the MBBC and WBBC.
4. Offer the WBBC as a separate media property. Do the same for packages of Other Championships. Fully discharge the NCAA’s obligations to ESPN. If no deal is reached, offer the WBBC to the entire marketplace. We believe the WBBC is no longer needed to create value for the bulk of the Other Championships, and separation will create competition to fairly compensate and potentially even “overpay” for the WBBC as it is rare, highly desirable programming.
5. Work to shrink the extent of the carrying network’s exclusivity and increase activations on the NCAA social media accounts – TikTok, Snap, Instagram, Twitch, Twitter, YouTube, Facebook are all potential content partners.
6. Group the remaining Other Championships in a manner designed to interest multiple bidders for each. For example, the spring Women’s Softball and Men’s College World Series could be paired in one package.
7. Potential WBBC target bidders:
  - ESPN – its other networks, ABC, ESPN+, Hulu
  - Turner/CBS
  - Fox
  - Amazon
  - Other possible bidders for parts of the Other Championships include: Conference Networks collectively (ACC, SEC, Big 12, Big 10, Pac-12), NBC Sports, FloSports
8. Look at another rung of corporate partners (any sponsor that is already interested in the WNBA or Women’s Soccer is a prospect). Ideally this can spawn other promotions and activations (such as supermarket POS displays).

9. Better align incentives between media partners to drive more value from the Corporate Partner Program for the WBBC and the NCAA's Other Championships. One strategy here is to expand the pool of corporate partner assets to include partner-tagged highlight packages, partner placement in physical and virtual signage that is visible by TV cameras at the NCAA Championships and partner-inclusion in NCAA institutional messages.
10. Enhanced cross-promotion (like ESPN/Turner do today on the NBA).
11. Encourage ESPN to bring the SportsCenter program (not just a small set to do "live shots") on-site at the combined Final Four.
12. Provided the WBBC Final game is also played in the Final Four dome, use the extensive, high-end MBBC TV production set-up to enhance the WBBC Final game presentation.
13. Expand programming to include more feature and documentary content around the WBBC (more player profiles, more stories of the teams, fans, coaches, history, classic game replays to build interest and awareness).
14. Require Megacast treatment for the WBBC Final Four and championship games: Multiple Feeds (expands audience, signals importance of event).
15. Create one integrated and combined Selection Show for the MBBC & WBBC.
16. Encourage CBS/Turner to expand and enhance the NCAA March Madness Live mobile app to make it inclusive of both the MBBC and WBBC.
17. Help facilitate all of the above by filling a new NCAA Chief Business Officer position and streamlining the management operations for both the MBBC and WBBC.

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## 9 MEET THE DESSER SPORTS MEDIA INC. TEAM

**Ed Desser** is the Founder and President of Desser Sports Media, Inc. (DSM)/Desser Media, Inc. (DMI), serving the strategic consulting needs of the sports, technology, media & entertainment industries. He has more than four decades of experience in sports media, performing valuations, determining strategy, and negotiating major media deals in the local, national and international TV marketplaces, and serving as an expert witness. He earned a BA in Economics at UCLA, and an MBA in Marketing from USC. (see [www.desser.tv](http://www.desser.tv)).



For 23 years, he served as the senior media executive in the Commissioner's Office of the National Basketball Association, ultimately as President of NBA Television and New Media Ventures, and Executive Vice President, Strategic Planning and Business Development. He was the chief negotiator for all NBA, USAB and WNBA national media agreements, and served on the NBA Board of Governors Planning Committee. Desser also invented and spearheaded the launch of NBA TV, the first league-owned national cable sports network; nba.com/wnba.com the first league websites; created the NBA League Pass and WNBA Season Pass outer-market games subscription packages, negotiated all related carriage agreements with MVPDs; established the league's broadcast regulatory framework; and as VP/General Manager of NBA Entertainment, Inc. and VP/International Television, developed the league's TV production and distribution business, expanding the range of productions and growing the NBA's media footprint to over 200 countries, and overseeing world feeds, including for the FIBA World Championships. Prior he headed LA Lakers & LA Kings Broadcasting for four years.

In 2005, he founded DSM, and later DMI, which collectively specialize in (i) strategic sports media planning, (ii) performing rights valuations, (iii) creating business plans for networks and new media platforms, (iv) conducting regional, national and international media rights negotiations, (v) mergers & acquisitions support, and (vi) providing litigation/ expert witness services. Clients include professional sports teams, leagues/ conferences to maximize the value of their media rights; serving programmers, distributors and tech companies in strategic planning and business development; and serving entertainment companies, distributors, and technology firms. Desser has advised on over \$30 billion in sports and media transactions.

DSM and DMI have negotiated more than 100 sports media rights deals, advised over 40 professional sports teams and worked on behalf of national bodies including the NFL, MLB, NBA, MLS, PGA Tour, Big 12 Conference, AAC, Big East, CFL, PRCA, PBA, UFC, NASCAR and NHRA, where Desser is a member of the Board of Directors. DSM has provided services to media companies including Tribune Company, DIRECTV, Fox, Time Warner Cable, Rogers Communications, TELUS, and Videotron. Other examples include expert and fact witness services in arbitrations, litigations, and mediations including in O'Bannon et. Al. vs. NCAA, Jenkins vs. NCAA & Power 5 Conferences, NBC Universal vs. major MVPD, Big 12, and WWE. DSM has also negotiated on behalf of or performed analysis for Staples Center/team owner and developer Anschutz Entertainment Group (AEG),

McKinsey & Co., Google/YouTube, Qualcomm, Goldman Sachs, and Maple Leaf Sports + Entertainment.

Desser led the LA Lakers in connection with the largest regional sports media deal in history and the most significant transaction in a decade. He was an expert witness for Major League Baseball v. LA Dodgers, later for Fox Sports v LA Dodgers, then represented Joe Torre and Rick Caruso in connection with a team bid. Desser valued the Dodgers rights result very close to the amount ultimately obtained for the Hollywood Reporter, and represented Time Warner Cable in its record-breaking Dodgers rights acquisition.

He is married to Eydie Eisen Desser and resides in the Los Angeles area.



**John Kosner** is an internet pioneer, four-decade veteran of sports media and President of [Kosner Media](#).

John led digital media at ESPN from 2003-2017, after stints at *Sports Illustrated*, the NBA, where he was in charge of U.S. broadcasting during the Dream Team era, and CBS Sports. In his 21 years at the company, Kosner built ESPN into the world's leading digital sports destination – a powerhouse in short- and long-form editorial content, streaming, social media, podcasting, fantasy sports and direct-to-consumer – increasing traffic ten-fold and turning an unprofitable business into ESPN's fastest growing. As part of his responsibilities, John oversaw the development of espnW, ESPN's multimedia initiative around women's sports and female athletes. At ESPN, John was also part of a small, senior group that managed the program acquisition, scheduling and linear and digital distribution of all ESPN professional and collegiate sports properties including the NCAA Championships, the College Football Playoff (and BCS, prior) as well as regular season college football and men's and women's college basketball. He was involved in every WNBA media agreement, assigned dedicated content teams to cover the league on ESPN.com from its inception and commissioned a special issue of "ESPN The Magazine" with multiple cover player images marking the WNBA's 20<sup>th</sup> Anniversary in June, 2016. The estimated total value of the sports media deals, John worked on during his tenure at ESPN is in excess of \$40 billion.

Today, John is an investor and advisor in sports tech startups and president of Kosner Media, a digital media and sports consultancy. In 2018, John and the late NBA Commissioner Emeritus David Stern created Micromanagement Ventures, a portfolio of sports technology start-ups focused on media, betting and player health. John continues to serve as an advisor to and an investor in 10 of the original Micromanagement Ventures portfolio companies which include WHOOP, WSC Sports, Overtime and Bit Fry Game Studios.

In addition, John is an advisor to the *890 Fifth Avenue Partners, Inc.* SPAC as well as many others including Sportradar, Molekule, Opendorse, SponsorUnited, the Big East Conference and the PRCA. He is a board member at 8<sup>th</sup> Wall. John and his former NBA colleague Ed Desser

negotiate sports media agreements for rightsholders and they write periodic columns for the *Sports Business Journal* and *Sportico*. In addition, John writes articles about sports and games with his colleague J Moses, a board member at Take-Two Interactive. John also does expert witness work, currently for Latham & Watkins LLP, Proskauer Rose LLP and Paul, Weiss LLP.

Kosner is the president of the Alumni Association and serves on the Board of Trustees of his alma mater, the Collegiate School in New York City. He was graduated with distinction from Stanford University in 1982 with a Bachelor of Arts degree in American History. A native of New York City, Kosner lives in Manhattan with his wife, Diane Burstein, and their son, Luke. He has two older children, Walter and Grace.



**Neil McDonald** is Senior Vice President, Desser Media, Inc./Desser Sports Media, Inc.

Neil has more than 34 years of experience in sports media helping clients with deals in local, national, and international TV marketplaces. Having joined Desser just after its inception in 2005, McDonald collaborates closely with Ed Desser on media modeling and business analysis. McDonald constructs financial guidance tools, including valuations, pro forma models, business plans, projections, and term sheets directly with Desser. This work provides clients with important strategic insight and direction. He supports DMI client efforts in developing streaming business plans and operations, as distribution models and technologies rapidly evolve.

During his time with Desser, McDonald has been involved with more than 75 sports media deals, advising over 35 sports teams, leagues, and related entities on over \$30 billion in media rights transactions. Clients include national bodies including the NFL, MLB, NBA, Big 12 Conference, AAC, MLS, CFL, PRCA, PBA, UFC and NHRA, and media companies including Tribune Company, DIRECTV, Fox, Time Warner Cable, Rogers Communications, TELUS, and Videotron.

From 1993-2003, McDonald worked in **NBA Entertainment's Broadcast and Programming** division. As Director of Broadcasting, McDonald played an important role in many of the league's media rights changes on national TV (from **NBC** to **ABC/ESPN**) and national radio (in-house **NBA Radio** to **ESPN Radio**). McDonald managed **NBAE's** TV program planning/scheduling for all live game programming assets, including NBA, WNBA, D-League, and international distribution partners.

Over his career, McDonald was an integral part of launching new sports leagues and businesses for NBA Entertainment including: the **WNBA**, **NBA Development League**, **NBA League Pass**, **WNBA Season Pass**, [NBA.com](http://NBA.com) and [WNBA.com](http://WNBA.com).

In addition to his sports business analysis work, McDonald has remained **active in a production capacity** for nationally televised sports broadcasts. Since 1993 and presently, he serves as an onsite Courtside Administrator for NBA Entertainment at nationally televised

NBA and WNBA games. In 1997 he served as the **Producer of the WNBA's Inaugural Draft** on WNBA.com as both streaming and the WNBA were in their respective infancies. Other production credits include Major League Baseball Divisional Playoffs and NBA Draft Lottery for ESPN Radio. McDonald has worked at thousands of games over his lifetime in almost every arena and with many broadcasting partners. His historical and current knowledge of the sports production business is especially helpful for Desser clients.

McDonald's sports media career in basketball began at a remarkably young age. Mentored in high school by the original voice of the Seattle Sonics, he began by producing sports talk radio as the All-Sports Radio format, first developed in the 1980s. Whitman College recruited him to serve as the college's Sports Information Director as an incoming Freshman, a position that he held for the next four years. Former NBA Properties President Rick Welts (who started his career at the Seattle Sonics) read an article about McDonald, sent it to John Kosner, then VP, Broadcasting, who hired Neil at the NBA in 1993.

McDonald graduated with a Bachelor of Arts in Politics from Whitman College, wrote his senior thesis on the evolution of the British Broadcasting Corporation and earned a graduate certificate in sports marketing from New York University. He resides in Mercer Island, WA and is married with two children. McDonald enjoys volunteering, cycling, yoga, ski racing, tennis, cooking, and travel.

## 10 DISCLAIMER WARNING

- The estimates and opinions expressed in the foregoing report are independent, and only those of DSM. No person at the NCAA or at KHF has influenced our findings.
- While DSM has extensive experience in the sports media marketplace, sports media valuations are not substitutes for true arms-length transactions, particularly when the values paid can be subject to potential emotional and/or strategic purposes of the buyer, in contrast to simple analytic, objective considerations.
- Performing a valuation so far in advance of a transaction also presents additional challenges, especially with a property like the NCAA WBBC. The industry is in the midst of significant change which could materially impact the results of a negotiation which may take place 1-2 years from today.
- Media assets like the WBBC are unique. In comparison to almost any other rights package, the relative importance of the Women's Championship, the lack of true Comps, the fact that the rights have not been sold in an open marketplace transaction for the past two decades, the sheer amount of programming involved, and the current growth trajectory of Women's basketball product, in comparison with other sports properties, over the past few decades are unique factors which defy precise valuation prediction.
- These projections rely on reasonable estimates, projections, and compound assumptions, which can materially vary from actual, confidential third-party information, not available to DSM.
- Actual results from those stated herein can be expected to vary widely. DSM specifically disclaims any responsibility for such variations.
- Values are typically based, to a large extent, upon the existence of competition in the distribution marketplace, which we assume to be present in this case. In recent years, there has been more such competition, which has driven marketplace levels higher. While additional competitors typically emerge (e.g., Digital/Streaming), there can be no assurance that will still be the case in 2025.
- The advertising environment, which can be impacted by supply and market demand, ratings, and overall performance, as well as the overall health of the TV business model, have a secondary but important impact on rights values, particularly in connection with the NCAA Corporate Champions and Partners.

## 11 EXHIBIT

### NCAA Women's Basketball Championship 2019 & 2021 Detailed Comparison by round and Network: Telecast

ROUND	2019			2021			2019 vs. 2021	
	# OF TELECASTS	AVG VIEWERS	GRP*	# OF TELECASTS	AVG VIEWERS	GRP*	Average Audience % CHANGE	GRP* % CHANGE
ABC	--	--	0	2	607	1,214	--	
ESPN	--	--	0	12	298	3,570	--	
ESPN2	9	266	2,398	11	140	1,539	-47%	
ESPNU	--	--	0	7	44	311	--	
<b>First Round Total</b>	<b>9</b>	<b>266</b>	<b>2,398</b>	<b>32</b>	<b>205</b>	<b>6,558</b>	<b>-23%</b>	<b>173%</b>
ESPN	4	650	2,601	2	671	1,342	3%	
ESPN2	5	274	1,371	9	435	3,917	59%	
ESPNU	--	--	0	5	157	784	--	
<b>Second Round Total</b>	<b>9</b>	<b>446</b>	<b>4,012</b>	<b>16</b>	<b>378</b>	<b>6,052</b>	<b>-15%</b>	<b>51%</b>
ABC	--	--	0	4	1,202	4,807	--	
ESPN	4	671	2,686	2	725	1,449	8%	
ESPN2	4	435	1,739	2	534	1,067	23%	
<b>Sweet 16 Total</b>	<b>8</b>	<b>551</b>	<b>4,405</b>	<b>8</b>	<b>918</b>	<b>7,342</b>	<b>67%</b>	<b>67%</b>
ESPN	2	1,195		4	1,186	4,742	-1%	
ESPN2	2	1,025		--	--	0		
<b>Elite 8 Total</b>	<b>4</b>	<b>1,114</b>	<b>4,456</b>	<b>4</b>	<b>1,186</b>	<b>4,742</b>	<b>6%</b>	<b>6%</b>
ESPN	--	--		2	2,203	4,407	--	
ESPN2	2	1,830		--	--	0	--	
<b>Semifinals Total</b>	<b>2</b>	<b>1,830</b>	<b>3,659</b>	<b>2</b>	<b>2,203</b>	<b>4,407</b>	<b>20%</b>	<b>20%</b>
<b>Championship Game</b>	<b>1</b>	<b>3,727</b>	<b>3,727</b>	<b>1</b>	<b>4,077</b>	<b>4,077</b>	<b>9%</b>	<b>9%</b>
<b>Tournament Average</b>	<b>33</b>	<b>677</b>	<b>22,331</b>	<b>63</b>	<b>542</b>	<b>34,125</b>	<b>-20%</b>	<b>52.8%</b>

\*GRP refers to Gross Ratings Points, the total viewing audience for each telecast added all together. This shows the source of the additional audience during the 2021 WBBC. Shifting events to more widely-viewed networks (ESPN, ABC), and adding additional telecasts during the first two rounds, produced the 52.8% improvement in total audience.