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Out Foxed

Rupert Murdoch's upstart network snatched the NFL from CBS in a coup that will change the face of televised sports

Steve Wulf

"Here's the replay. From the left of your screen, you can see Murdoch coming on the blitz. He's drawing a bead on Tisch, who thinks he's got all the time in the world, but nobody's picked up Rupert, and—boom!—he blindsides Tisch and strips the ball. Hey, that guy Murdoch didn't get to be in the Fortune 500 for nothin'."

That's how John Madden of CBS might have described the play by Rupert Murdoch that stunned the television sports industry last Friday. Fox, Murdoch's six-year-old network, grabbed the rights to televise NFC games, as well as the 1997 Super Bowl, away from CBS by offering the NFL \$1.6 billion over four years, which was some \$100 million a year more than CBS chairman Laurence Tisch was willing to spend. *Boom!*

And bust for CBS, which on Monday lost out to the incumbent, NBC, for the rights to televise AFC games. Despite a last-minute phone-lobbying campaign by Madden himself, the owners chose NBC and its four-year, \$880 million offer over CBS's 13th-hour billion-dollar bid. Nearly as upset as CBS was the NFL Players Association, whose members' pay is derived largely from TV dollars. Even as NBC was trumpeting its victory, the NFLPA was threatening to hold up the deal. But if the arrangement stands, it would mean that for the first time since 1956, fans will not be watching NFL games on CBS on Sunday afternoons.

For Fox the NFC package means instant credibility. From his vacation home in Vail, Colo., a jubilant Murdoch told SI's Jill Lieber on Sunday night, "We're a network now. Like no other sport will do, the NFL will make us into a real network. In the future there will be 400 or 500 channels on cable, and ratings will be fragmented. But football on Sunday will have the same ratings, regardless of the number of channels. Football will not fragment."

Fox won the battle by offering more than just money. Dallas Cowboy owner Jerry Jones, a member of the NFL's TV committee, told SI's Peter King, "CBS has given the league 38 years and a great tradition, and we preferred the incumbent. We handicapped Fox; they had to be significantly better. But they were. The type of commitment they gave us, we felt, was above and beyond dollars. They said, 'We'll take this entity, the NFC, and build our network around it.' It's a tremendous commitment on their part, and we just couldn't look past it."

As for Madden, don't worry, Mr. and Mrs. Big Fan. He won't be out of a job for long. "We will certainly make an offer to John," says

The NFL's Television Contract History

Year(s)	Total	Annual TV Income Per Team	Average Player Salary
1960-61	\$600,000[1]	\$45,000	\$15,000
1962-63	\$4.65 million [2]	\$330,000	\$20,000
1964-65	\$28.2 million [2]	\$1 million	\$21,000
1966-69	\$75.2 million [2]	\$1.6 million	\$22,000
1970-73	\$185 million [3]	\$1.8 million	\$23,000
1974-77	\$269 million	\$2.6 million	\$30,000
1978-81	\$646 million	\$5.8 million	\$60,000
1982-86	\$2.1 billion	\$13.6 million	\$100,000
1987-89	\$1,428 billion [4]	\$16.7 million	\$211,000
1990-93	\$3.65 billion [5]	\$32.6 million	\$355,000

[1] Fee paid to the league for the NFL Championship Game, aired by NBC.

[2] CBS is the only network broadcasting NFL games.

[3] With NFL and AFL merger, CBS broadcasts NFC games, NBC broadcasts AFC games. ABC begins "Monday Night Football" telecasts.

[4] ESPN begins broadcasting preseason and Sunday night games in last eight weeks of season.

[5] TNT begins broadcasting Sunday night games in first eight weeks of season

Murdoch. "He will bring us even more credibility."

As it turned out, the day of infamy for CBS was Dec. 7, Pearl Harbor Day, when Fox made a presentation to members of the TV committee at the GTE Conference Center in Dallas. Speaking for Fox were David Hill, an Australian who is the president of Murdoch's soccer-oriented Sky Sports channel and who is also married to a devout Denver Bronco fan: Lucie Salhany, the chairman of Fox Broadcasting; and Chase Carey, executive vice-president and chief operating officer and a man not to be confused with Fox's unlamented former late-night talk-show host.

Murdoch had tried twice before without success to buy into the NFL, in 1987 and again in '90. But this time the Fox contingent offered to make the NFL the centerpiece of the network. The committee members were shown a tape of a Sky Sports telecast of a First Division soccer game in England, and, says Jones, the quality of the production compared favorably with that of any NFL game on U.S. television. The committee also heard about Fox's plans for year-round NFL programming, including a children's show, and international opportunities. According to Jones, "They talked about using our players on the network a lot, maybe even on their shows." Great! Shannen Doherty meets Leon Lett.

Fox was suddenly very much in the game. Out of loyalty the NFL told CBS and NBC that the league was taking Fox seriously. But, says one source close to the negotiations, "I don't know if CBS was complacent or just slow, but they weren't as astute as NBC. So the NFL began to steer Fox more toward the NFC."

Three days after the Dallas meeting, the Fox people made eye-opening offers for both conferences, but they preferred the NFC with its larger markets, nine straight Super Bowl championships and 20% higher ratings, and they underscored that preference with a staggering bid. Says Murdoch, "CBS, we knew, was grudgingly prepared to go over \$300 million [a year]. But we didn't know how much. Would they go to 320? 350? So I said, 'Let's go for the knockout bid. The \$400 million.' "

Last Thursday, CBS was told how much the NFL (which had already agreed on a new Monday-night package with ABC and a Sunday-night cooperative with ESPN and TNT) wanted for the NFC. In order to keep the NFC. CBS did not have to match the Fox offer, but it would have had to offer far more than the \$265 million it was already paying. "There is no question," says Murdoch, "that if CBS had been \$20 million lower than us, the NFL would have taken CBS." The league gave CBS 72 hours to make an offer. But on Friday, the network told the NFL that it would pass. Murdoch, who was on his way to New York's Kennedy Airport, got the news over his car phone.

At that point the AFC, often derided by CBS personnel, still appeared to be a loose ball. In fact, a negotiating team from the NFL had already reached a tentative agreement with NBC, although the decision would not be official until the TV committee's conference call on Monday. That two-day delay led CBS to believe that it had one final opportunity to make a bid. Suddenly the boys at Black Rock, CBS headquarters in midtown Manhattan, wanted it. Hell, they needed it. But late Monday afternoon the NFL rejected CBS's bid, even though it exceeded NBC's by \$30 million a year. "At no time before last Friday did CBS say they were interested in the AFC package," explains NFL vice-president Joe Browne. "After saying no to the AFC for weeks, they became interested after losing the NFC to Fox. By then, frankly, the interest was too late. Their offer was too late."

Dick Ebersol, the president of NBC Sports, says that Murdoch established the price for each conference, and it was left to NBC and CBS to rise to the challenge. But only one did. "It became clear to me," says Ebersol, "that whichever network acted first and came north of 210 million for the AFC, or 300 for the NFC, would get football. CBS never responded until it was over. In Murdoch we have someone with a different rationale for being in sports television. This marks the end of the three-network dance for rights to major sports."

It will take a while for the dust to clear and for Madden to put a new logo on his bus, but it's fairly easy to sort out the winners and the losers in this new world.

The Winners:

•Fox. Some people think Murdoch was crazy to spend that kind of money on the NFC. Crazy like a fox. The deal not only puts Fox in the same league as the Big Three but is also a preemptive strike against the fifth and sixth networks planned by Time Warner (which publishes SPORTS ILLUSTRATED) and Paramount Communications. Says Kevin O'Malley, senior vice-president for programming at TNT, "That's what prompted the Fox deal: to foreclose on the competition. It's worth \$400 million a year to Murdoch to preempt Time Warner and Paramount."

The NFL will also increase the value of each of the 139 stations that carry Fox. And Murdoch hopes that Sunday-afternoon football will do for Fox's Sunday-night ratings what it did for CBS's post-NFL lineup. "If our 7-to-11-p.m. ratings are a couple of points higher," he says, "that's worth a lot of money to us."

- *The NFL*. At the outset of negotiations, both CBS and NBC made it clear that they had lost money on the previous contracts and did not intend to do so this time around. But that was before the hungry Fox entered the picture. The Fox deal also addresses a concern of newer owners such as Jones and Denver's Pat Bowlen, namely that the league has become too staid. Fox's younger audience appeals to them, and so does the global reach of Murdoch's empire.

- *The Richer Teams*. Under the league's new collective bargaining agreement with the players, a salary cap will begin next year that will be based on 66% of each club's designated revenues. Until the Fox deal came along, teams like the Buffalo Bills and the San Francisco 49ers were fretting that they would not be able to keep their squads intact with only \$30 million available for salaries. But the Fox-NBC windfall will raise that amount to nearly \$34 million. Says 49er general manager Carmen Policy, "Now there's a light at the end of the tunnel for us."

- *The Players*. The higher cap will mean bigger salaries for stars and more job security for marginal veterans.

The Losers:

- *CBS*. Before *NFL Today* aired on Sunday, CBS Sports president Neal Pilson gathered the troops to give them a pep talk. "He told us not to worry," says someone who was at the meeting, "that we still had plenty of sports, like the Masters and the U.S. Open in tennis. At one point Terry Bradshaw raised his hand and asked, 'Does the Masters have a pregame show?' That broke everybody up."

For the most part, though, the mood at the CBS Broadcast Center on Sunday was grim. A lot of people will be out of jobs. Without the NFL, CBS Sports has little more left than the Masters, the U.S. Open, the upcoming Winter Olympics, a few college football bowl games and college basketball's Final Four (*chart*). In the last year alone CBS has lost out on Major League Baseball, the 1996 Atlanta Summer Olympics and now the NFL. They may have to bring back refrigerator racing on Sundays. Nobody at CBS is blaming Pilson, though. The point man on the NFL talks was executive vice-president Peter Lund, and he was following Tisch's orders. Pilson was only the messenger.

Another cause for concern over at CBS is what will happen to its vaunted Sunday-night lineup. Will as many people watch *60 Minutes* and *Murder, She Wrote* if Madden and Pat Summerall aren't promoting Mike and Jessica during the Sunday-afternoon NFC game? "It's funny," says one former CBS Sports employee. "CBS spent all that money on baseball and the Winter Olympics a few years ago, and it helped take them to the top. Now Fox is using the same strategy against them. You live by the sword, you die by the sword."

A CBS executive was even more blunt. "This wasn't a rights-fee negotiation," he said. "This was a hostile takeover by Fox."

- *Smalltown, U.S.A.* Of Fox's 139 stations, 120 are on the weaker UHF band. While most of those stations are on cable, and Fox claims that it can blanket 95% of the U.S., there might be a few isolated areas that will no longer receive NFC games.

- *The Poorer Clubs*. Bill Parcells was kind of hoping to get some of those ex-49ers for his New England Patriots.

There are skeptics who think that Murdoch will lose his custom-made shirt over the NFL deal; one estimate has him losing \$500 million over the next four years. Says Murdoch, "I've seen those outrageous numbers. We'll lose a few million in the first year, but even if it was 40 or 50 million, it would be tax deductible. It was a cheap way of buying a network."

There are also those who don't think that Fox will be able to mobilize quickly enough to provide quality NFL coverage beginning next fall. But thanks to network cutbacks, there are many seasoned producers, directors and on-air talents that Fox will be able to hire for a lot less than those people were earning before.

And if Murdoch wants a Jimmy the Greek type, who among us can ever forget the episode a few years back on Fox's *The Simpsons* when little Lisa Simpson made a fortune for Homer with her NFL picks?

On Sunday, during CBS's telecast of the 49er-Detroit Lion game, Madden was describing what happens when a back goes in motion out of a full-house backfield. "At that point," he said, "the guys on defense are yelling, 'They broke the house! They broke the house!'"

Fox broke the NFL's house of the last 38 years. But who knows? Maybe the league's new home will be in a better neighborhood.