

CONFIDENTIAL

THE CASE FOR THE BIG 12 CONFERENCE

In light of the consideration some members are giving to leaving the Big 12, it seems important to outline some of the issues. This is not to be presumptuous about what each institution needs to consider, nor to imply that those making evaluations are not reviewing these issues. Rather, it is intended to simply outline information that may be useful. Although the Conference has not had the benefit of even a first generation that has grown up following his or her institutions solely as a part of the Big 12, we have a dynamic group of universities with long standing traditions and success. My hope, of course, is that consideration of other options leads to a renewed commitment to, and investment in, the future of this tremendous Conference.

There are differences of opinion on what some might view as a major source of our instability—the granting of institutional rights to the Conference and the division of revenue resulting from the exploitation of those rights. Some could consider the unwillingness to change our rules to require granting of all institutional rights and equal sharing all revenue as instability, while others might view instability as the constant push to change the basis of how the Conference originally was structured and the terms by which certain members agreed to form the Big 12. It is interesting that the two conferences that pose the most threat to poaching our members, the Big Ten and Pac 10, have opposite approaches to division of television revenue. The Big Ten shares equally,

while the Pac 10 does not, resulting in a more disparate situation in the Pac 10 than in the Big 12 (e.g., in most years USC receives twice that of Washington State). Interestingly, both of these other conferences are generally viewed as stable with no members indicating a desire to explore other options.

The fact is that no conference shares equally all of the revenue produced as a result of conference competition. If any did so, all revenue from gate receipts, local sponsorships, concession sales, donations for athletics, etc., would be pooled. Interestingly, there is no conference more vocal than the Big Ten in expressing that revenue from post-season basketball and football should not be shared equally. We are in agreement with the Big Ten in that regard as we argue as well that those conferences (the major six leagues) that have the most value in the marketplace must receive most of the distribution. It is this stance with the BCS that has resulted in congressional objection, but we stick to our position.

We continue to grow our revenue that is shared equally, with increased bowl revenue and basketball and football championships revenue. I anticipate that our future media deals—our football cable agreement to be negotiated in April 2011 and our broadcast football and cable basketball agreements in Spring of 2015—will greatly increase our revenue, the majority of which is distributed equally. The recent Atlantic Coast Conference deal with ESPN for a reported average of \$155m per year is a positive development and indicator that we will be in line for great increases. FOX was a serious bidder for the ACC rights and drove the fee up higher than expected. Conversations with FOX indicate

their bullishness about competing in the future for our rights, and they have already made overtures about their willingness to pay exponentially higher rights fees than those in our current agreement. A primary driver of higher rights fees are competitors for the rights and all information is that there are more serious bidders about to enter the marketplace. NBC/Comcast has sent strong messages about wanting to obtain more college football and Turner Sports has committed to post-season college basketball.

For any institutions evaluating membership in the Big Ten, I hope full consideration is given to linking the future with a part of the country that is losing population and tax base relative to the Sun Belt. In addition, disconnecting with the Sun Belt region may result in removing significant contact with a region where many alums and fans reside, not to mention a fertile recruiting ground for students and student-athletes. I don't proclaim to be an expert, but in looking at the long-term positioning of an institution, it seems that its best linkage is to the South and West.

For those considering possible membership in the Pac 10, I hope that full consideration is given to the student-athlete and fan experience. I grew up in Pac 10 territory and although there are outstanding institutions in the conference, the facilities and fair weather fans are a disappointment. I suggest that the fan support for their regular season games and championships, and the accompanying image that projects, should be carefully examined. There also is the issue of having student-athletes return to campus from competitions that are two time zones away, and losing those two hours while trying

to go to and keep up with class. We are not operating professional sports and sending millionaires to major cities for competition.

For consideration of leaving the Big 12 for any conference, I submit that there are huge risks to the tremendous benefits all institutions have enjoyed, especially to those who have elevated their programs to higher levels of regional and national success. The recipe for such success could be impossible to replicate in another alliance and the new members would be considered outsiders for years. The traditions and championships that have been carefully put together could be jeopardized.

The benefits the Big 12 has provided to all of our members in such a short time should be a significant consideration. I believe geography is a major factor in the support of intercollegiate athletics and those who disregard that do so at their peril. Geographic connection is necessary to provide fans what I believe they want—competition with institutions whose fans and alumni they know, and a reasonable method of travel to most regular season games and championships. This region is filled with supporters and alumni from Big 12 schools, not so much with those from Big Ten and Pac 10 schools. Fans like their teams playing against teams of their friends and families.

This group of schools provides a significant connection for people from the eastern slope of the Rocky Mountains to the Mississippi River and from nearly Canada to Mexico. Our programs benefit from the competition primarily with student-athletes from the central part of the country who reflect the hard working attitude of the citizens. The intense

competition within our league hones the teams for national success with our programs in the hunt for national titles in every sport in which we compete. It could be devastating for the pride of this region if its major institutions join conferences that are not located in this part of the country, effectively disenfranchising the citizens and truly creating a “fly-over” zone.

A collateral consideration for all of us as national leaders in intercollegiate athletics is that creation of a few “mega-conferences” may result in more governmental, legal, and public scrutiny. Pressure to compete may rise with resulting higher salaries and more churning of ADs and coaches. Clear identification of the highest level of intercollegiate athletics reduced to a smaller grouping of schools (e.g., four 16 member conferences) could cause eventual tax consequences and tremendous pressure to pay those student-athletes responsible in programs driving the most revenue and pressure, and whose coaches and administrators are receiving more and more financial rewards.

This conference has a terrific future and will continue to provide a source of pride and connection for the citizens of this region of the country. I beseech its leaders to have faith in this future and to commit to it.