

A Deeper Look at the Possible YES Network Sale

Written by Maury Brown
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Earlier today, an article published by Fortune ([The dismantling of the Yankee empire](#)) reported that the

YES Network

is up for sale, and then added that “some baseball insiders and Yankees limited partners are wondering whether the team itself might be next.”

There may be some truth to the report, but a deeper look seems to get us closer to the reality of the possible mega-deal, or whether it is all posturing.

For one, the comment of the Yankees being up for sale seems premature at best, and massive leap at worst. As I'll delve into, the comment in *Fortune* seems to have been made based on YES being sold in total, which appears to not be the case.

The YES Network is not owned entirely by the Yankees. It is owned collectively by the Yankees, the investment bank **Goldman Sachs, Providence Equity**, and the former owner of the New Jersey Nets, **Ray Chambers**.

It is the latter of these three that seem interested in possibly selling their share in YES. The Yankees say that YES is not for sale with president Randy Levine saying, “Absolutely not.” But, as reported by *Fortune*, the other partners may have a different view:

Gerry Cardinale, a Goldman managing director and YES board member, is more forthcoming, conceding that YES is in fact being shopped. “We’re testing the waters with a limited universe of quality buyers,” says Cardinale. “We would consider selling only if we receive a full and fair price.”

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YES is an incredible commodity as an Regional Sports Network (RSN). As further reported, "YES brought in \$340.5 million in revenue in 2006, up about 6 percent from the prior year, according to Kagan Media Research estimates. (YES doesn't release official financial data.) Kagan believes that 40 percent of that revenue - about \$136 million - translated into cash flow."

A possible valuation of YES could be anywhere from \$3 billion - \$3.6 billion.

And, it is gauging a valuation for YES that this whole exercise might be about.

The news today may simply be feelers for the owners of YES. By accepting bids, they can get a clearer idea on whether to sell or stand pat. As [further reported by the AP](#) :

"We've owned the network for the past six years. All we're doing is getting a current view from the marketplace on the network's value," Goldman Sachs spokesman **Peter Rose** said Thursday. "From Goldman Sachs' perspective, we have made no decision to sell. If we got an offer that in our view reflected the premium value of the network, we would consider it."

Reiterating comments made to *Fortune*, **Randy Levine** said, "The YES Network is not for sale."

So, stepping back from the YES Network news, one should be careful to evaluate matters from a distance. It is possible that Goldman Sachs and Chambers might be willing to unload their share of YES, or it could be that they are simply gauging the market. In MLB's world, something similar happened a few years ago when there was talk of MLB.com going IPO. In that instance, it was simply a matter of testing the waters to get a true market value of the internet holding.

As for the Yankees being up for sale... anything is possible. But, at this time, the Yankees should be viewed as still being very much King George's toy that he doesn't seem willing to share with outsiders... yet.

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