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Billionaire Pegula Buying Buffalo Sabres

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[The Hockey News](#) is reporting that billionaire [Terrence Pegula](#) signed a letter of intent to buy the [Buffalo Sabres](#) from fellow Forbes rich lister [Tom Golisano](#) for \$150 million. Forbes valued the Sabres at \$170 million last year in our look at the [business of hockey](#) (this year's version will go live on [Forbes.com](#) Wednesday night). The team is not confirming any reports of a sale.



Image by Getty Images via @daylife

Golisano has done well on his Sabres investment which he bought out of bankruptcy for \$92 million in 2003. His cost was actually much lower though as it is believed that as much as \$30 million of the purchase price was in the form of debt that was eventually forgiven by state and local governments.

If [Paychex](#) founder Golisano gets \$150 million for the Sabres it would represent a decent price as the market is currently flooded with NHL teams for sale. At least 7 franchises are on the block including the [Atlanta Thrashers](#), [Carolina Hurricanes](#), [Dallas Stars](#), [Los Angeles Kings](#), [Nashville Predators](#), [Phoenix Coyotes](#) and [St. Louis Blues](#). None of these are elite NHL teams financially and only the Stars and Kings can expect to attract bids of more than \$200 million.

Consider the recent sale of the [Tampa Bay Lightning](#). Former Fidelity Magellan fund manager Jeffrey Vinik bought the team in March for the cut-rate price of \$93 million from Oren Koules and Len Barrie. It was \$113 million less than Barrie and Koules paid just 2 years earlier. The fire sale came as a result of poor play on the ice, mounting financial losses, bickering in the owners suite and a \$100 million debt burden.

Pegula made his fortune when [Royal Dutch Shell](#) bought East Resources, the oil and gas company Pegula founded in 1983, for \$4.7 billion in May. Pegula owned 65% of the company and is now worth \$3 billion. He is a big hockey fan who recently donated \$88 million to Penn State for a new hockey arena. His

wife is from western New York and the small market Sabres are likely to stay in Buffalo if Pegula takes over. This was a precondition by Golisano on any sale.

UPDATE—Sabres Managing Partner Larry Quinn issued the following statement:

“Reports regarding the sale of the Buffalo Sabres tend to surface from time to time. There have been several inquiries in the past few years regarding this subject. Our company policy is we do not comment on them because people make inquiries all the time. Some of these inquiries are serious, some are not, some make the media and others do not. The report that a \$150 million letter of intent has been signed is simply not true.”

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