

Board of Directors

June 20, 2012

Subject matter

Bid for Olympic Canadian media rights.

Background

CBC/Radio-Canada has the opportunity to bid for the Canadian media rights to the 2014 Winter (Sochi, Russia) and 2016 Summer (Rio de Janeiro, Brazil) Olympic Games.

Information on the matter

We are requesting CBC/Radio-Canada Board approval for terms upon which to submit the bid.

s.18(b)

s.21(1)(b)

s.21(1)(c)

For decision**For information****Prepared by**

Name: Neil McEneaney

Date: June 5, 2012

Management recommendation

Approval of the bid terms

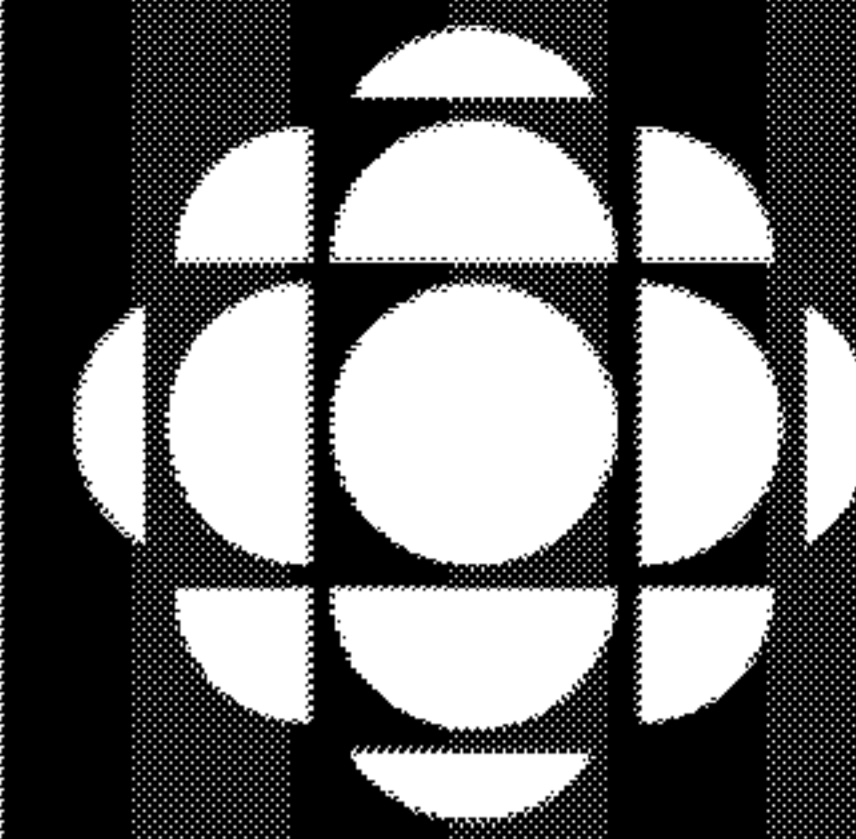
Last discussed at the Board

Date: n/a

Decision made:

Next steps

Submit the bid to the International Olympic Committee (IOC).



Olympics:
Approval of the CBC/Radio-Canada
Bid for the 2014 & 2016 Olympic
Games

Introduction: The Case for Involvement



Acquisition of media rights for the Olympic Games is consistent with *Strategy 2015* and CBC/Radio-Canada's Sports Strategy;

- Provides and promotes relevant, nation-building sports experiences to the Canadian public
- Draws a large & diverse audience, connects Canadians and builds CBC/Radio-Canada's brand
- Showcases inspirational world-class Canadians on the international stage
- The Olympic Games provide a compelling platform to profile all regions of Canada and their home-town athletes

The Opportunity



- Interest from other media companies is diminished due to financial losses in Vancouver & London
- CBC/Radio-Canada, as the primary rights holder would be able to:
 - Serve Canadians with engaging coverage in English and French

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The Opportunity



- CBC/Radio-Canada, as the primary rights holder would be able to: cont'd

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Taking advantage of opportune timing:

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The Risks



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- In comparison, NBC paid \$2.1 billion for the 2014 & 2016 representing an increase of 33% from 2006 & 2008 Games.

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s.21(1)(c)

s.18(a)
s.20(1)(b)

The Risks



- A bid from a non-traditional media company
- Revenue risks from changing market conditions as well as the revenue impact of NHL hockey players not participating in future games

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Proposed CBC/Radio-Canada bid



CBC/Radio-Canada's considers:

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s.21(1)(c)

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- CBC/Radio-Canada is solely responsible for marketing & revenue generation

Sub-Licensing Strategy



CBC/Radio-Canada will pursue sub-licencing of rights that will be fully exploited in order to reduce financial risk and increase revenue

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s.21(1)(b)
s.21(1)(c)

Sub-Licensing Strategy – cont'd



Opportunities:

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s.21(1)(c)

Detailed Bid Agreement Terms



Category	Bid Terms
Parties	CBC/Radio-Canada and the IOC
Bid Term s.18(b) s.21(1)(b)	<ul style="list-style-type: none">• 2014 Winter and 2016 Summer Olympic & Paralympic Games
Olympic Rights	Exclusive Canadian broadcast and digital rights on all platforms & in all languages, with full ability to sub-license rights on any platform:
Financial Terms	
Cashflow	

Business Plan



CBC/Radio-Canada bid for the 2014 & 2016 Olympics

In <i>Can\$</i> Millions	<i>Projections</i>		
	Sochi 2014 (Winter)	Rio 2016 (Summer)	2014 & 2016 Games Combined
<i>Revenues *</i>			
CBC Advertising			
Radio-Canada Advertising			
<i>Total Revenues</i>			
<i>Operating Costs</i>			
Production costs			
Sales & Promotion			
Withholding Tax on rights			
Total Costs			
<i>Rights Fees</i>			
Margin			

* All revenues (conventional, specialty and digital)

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s.18(b)
s.21(1)(b)

Business Plan Assumptions



- The business plan is based on the following assumptions:

- Revenues

s.18(a)

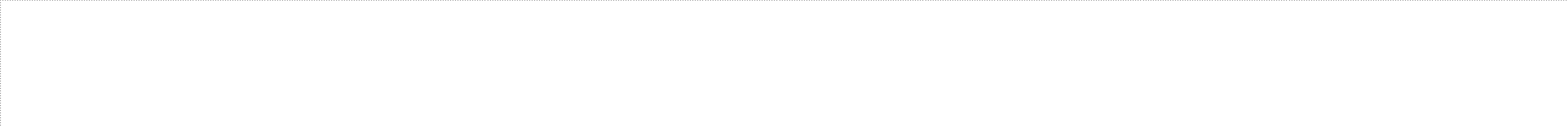
s.18(b)

- Production costs

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Business Plan Assumptions



- The business plan is based on the following assumptions
 - cont'd:
 - Sales & Promotion
 - 
 - Withholding tax - 10% (as per Canada Revenue Agency)

s.18(b)
s.21(1)(b)

Mitigation of Risk



- The business plan is conservative in order to address the revenue and production risks identified on slide 5:

– Revenues:

s.18(a)
s.18(b)

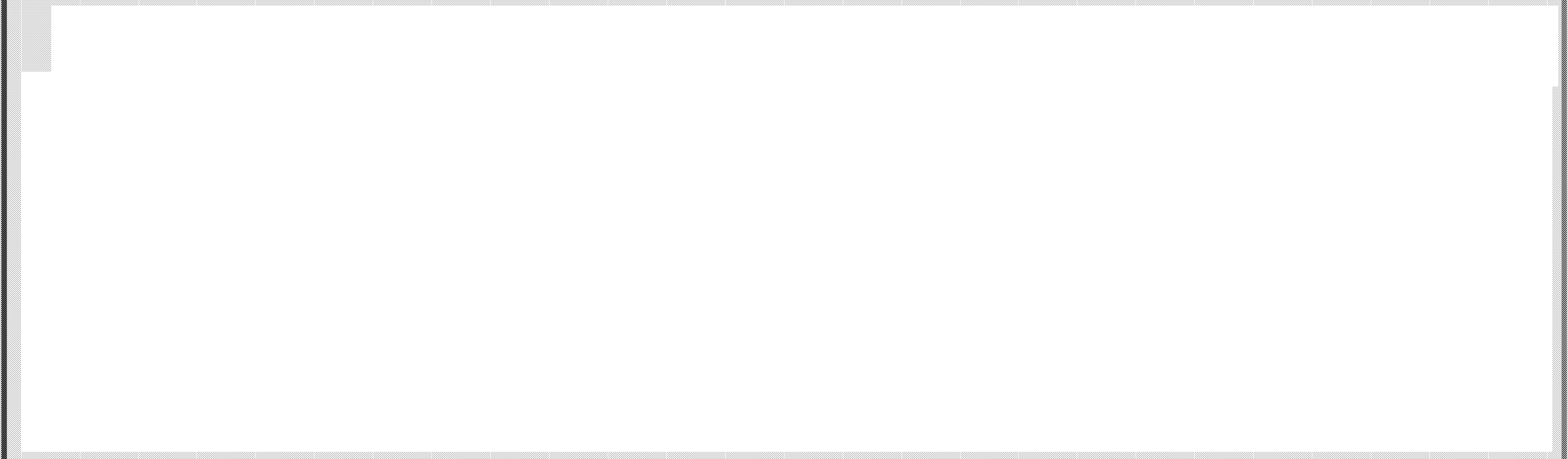
– Production costs:

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Mitigation of Risk



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Next Steps



- Formally submit a CBC/Radio-Canada bid to the IOC by July 31, 2012



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s.21(1)(b)
s.21(1)(c)

s.18(a)

**MEETING OF THE BOARD OF DIRECTORS
CANADIAN BROADCASTING CORPORATION
June 19-20, 2012**

2014/2016/2018/2020 Olympic Games Media Rights

On a motion duly moved and seconded

IT IS RESOLVED THAT the Board of Directors hereby authorizes the Corporation to negotiate and enter into a license agreement between the Corporation and the International Olympic Committee ("IOC") for the Canadian television telecast, radio broadcast, internet distribution and other exploitation (the "Media Rights") of the 2014 Winter and the 2016 Summer Olympic and Paralympic Games ("Olympic Games")

pursuant

to the terms and conditions found in the Supplementary Resolution, a copy of which shall remain attached to the original of these minutes as Appendix 1.

MOTION CARRIED

s.18(b)

s.21(1)(b)

s.21(1)(c)

SUPPLEMENTARY RESOLUTION

WHEREAS:

- A. The Corporation desires to pursue a bid for the Canadian television telecast, radio broadcast, internet distribution and other exploitation (the "Media Rights") of the Sochi 2014 Winter and the Rio de Janeiro 2016 Summer Olympic and Paralympic Games (the "Olympic Games") with the International Olympic Committee ("IOC");
- C. The Corporation is prepared to negotiate and enter into and execute a broadcast rights agreement (the "Agreement") between IOC and the Corporation for the Media Rights for the Olympic Games
- D. The Agreement requires approval of the Board of Directors of the Corporation.

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s.18(a)

s.21(1)(b)

IT IS RESOLVED THAT:

s.21(1)(c)

- 1. (*Approving the Bid Offer*)** The Corporation is hereby authorized to offer to the IOC to acquire the Media Rights to the Olympic Games, and to agree on such other terms and conditions as provided for in the Agreement as the hereafter appointed Officers may see fit with such alterations, additions, and amendments or variations in their absolute discretion determined necessary;

2.

Officers may see fit with such alterations, additions, and amendments or variations in their absolute discretion determined necessary;

- 3. (*Approving the Signing of the Agreement*)** Subject to the foregoing approval, that any one of the President and CEO or the Executive Vice President of English Services, together with the Vice President and Chief Financial Officer, or their respective delegates, be and are hereby authorized to negotiate and execute the Agreement for and on behalf of the

Corporation, with such alterations, additions, and amendments or variations thereto deemed acceptable to such Officers;

4. **(Approving the signing of ancillary agreements)** The President and CEO or the Executive Vice President, English Services, together with the Vice President and Chief Financial Officer, or their respective delegates are hereby authorized for and on behalf of the Corporation to enter into such ancillary and related agreements, including sublicensing agreements, and to do all such acts and things as such Officers may in their absolute discretion determine to be necessary or desirable, in connection with or in implementation of the transactions contemplated in or by the Agreement; and
5. **(Further authority)** The President and CEO or the Executive Vice President, English Services, together with the Vice President and Chief Financial Officer, or their respective delegates are hereby authorized for and on behalf of the Corporation to take any and all action, to do all things, to execute under the corporate seal of the Corporation or otherwise such instruments and documents and to deliver all instruments, documents and materials as are necessary or desirable or convenient and proper to give effect to the foregoing resolutions.