



CBC/ROGERS NHL DEAL

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| | Board of Directors |
| | November 25, 2013 |
| | Neil McEneaney, Interim Executive Vice President – English Services Jeffrey Orridge, Executive Director of Sports Properties & General Manager, Olympics |
| | Rogers/CBC Hockey Contract |



BACKGROUND ON NHL RIGHTS NEGOTIATION

- Current NHL national rights agreements in Canada for conventional and cable set to expire spring 2014
- NHL set extremely high financial expectations amongst all current and potential rights-holders
- Interested parties submitted proposals to NHL
- CBC submitted a proposal considering many benefits to the CBC from the retention of this iconic show including:
 - ◆ Largest audience of all Canadian programs
 - ◆ Significant share
 - ◆ Significant value of HNIC and to CBC brand
 - ◆ Public Value
 - ◆ Essential to leveraging sales of the rest of CBC content



ROGERS SECURED EXCLUSIVE DEAL WITH NHL

- NHL evaluated multiple offers and arrived at the conclusion that a single rights-holder for all rights (platforms, languages etc.)
- Rogers was selected by NHL to be the single rights holder as it has met NHL key objectives:
 - to maximize exploitation of revenues and audiences consistent with the NHL's growth strategy
 - Ensure a high audience penetration
 - Through a collaboration approach with TVA and CBC as partners



PROPOSED TERM SHEET

| Category | Key Terms |
|--------------------|--|
| Contracted parties | <ul style="list-style-type: none">• Rogers has acquired Canadian hockey national rights on all platforms in all languages from the NHL.• Rogers has licensed hockey rights to the CBC to broadcast games on Saturday nights for the regular season, the playoffs and the Stanley Cup Finals |
| Contract Term | |
| Rights | <ul style="list-style-type: none">• Non exclusive HNIC on Saturday nights (7pm & 10pm)• Playoffs and the Stanley Cup Finals |
| Financial Terms | <ul style="list-style-type: none">• Rights fee: In lieu of rights fee, CBC provides production subsidy and Rogers retains all commercial revenue associated with Hockey |
| Production | <ul style="list-style-type: none">• CBC to produce HNIC using CBC production resources• Rogers maintains editorial control |

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



PROPOSED TERM SHEET – CONT'D

| Category | | Key Terms |
|----------|--|-----------|
|----------|--|-----------|

s.18(a)
s.18(b)
s.18(d)
s.20(1)(b)
s.21(1)(b)
s.21(1)(c)



THE BENEFITS TO CBC

- CBC retains HNIC on Saturday nights – fulfilment of the expectation of the public broadcaster to maintain a Canadian cultural icon.
- This transaction disconnects the substantial acquisition costs of Hockey (which now rests solely with Rogers) with the delivery of that content. In other words, Rogers bears the sole risk around hockey revenues. Canadian taxpayers no longer bear any risk in relation to licensing costs for Hockey on CBC.
- CBC maintain 320 hours of prime time, Canadian high-viewer content. In lieu of a rights payment CBC will provide a production subsidy and forgo the advertising revenue for this content.
- CBC maintains on HNIC an essential promotional capability for the remainder of the program schedule.
- HNIC will allow CBC to maintain a market share which will be substantially higher than it would be without hockey.
- Preservation of HNIC will provide greater revenue security for the balance of the CBC Schedule.



THE BENEFITS TO CBC (CONTINUED)

- The transaction will reduce the staffing impact that would otherwise be the case with the loss of Hockey.
- Relevance: HNIC has a demonstrated ability to connect with a broad, large and diverse audience.
- Preserving HNIC allows CBC to maintain a sports production capacity to execute a sports strategy and fulfil its existing contractual obligations (i.e. Olympics, Pan-Am, FIFA)
- Public/private, cable/conventional partnership opportunities. The transaction allows for greater access to programs and content of higher viewer interest to be consumed by more Canadians at no additional cost.
- This allows for a structured exit by CBC from hockey if Rogers does not extend its contract with the CBC



POTENTIAL IMPACT

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

s.21(1)(a)
s.21(1)(b)



OPTION CONSIDERED

s.21(1)(a)
s.21(1)(b)



OPTION CONSIDERED

s.21(1)(a)
s.21(1)(b)



SOFT LANDING

- The agreement with Rogers will afford CBC time to develop plans for the end of the 4 year term

- A strategic team will be assembled to review the several important questions:
 - Programming strategy for a schedule without hockey

s.18(a)
s.18(b)
s.20(1)(b)
s.21(1)(c)
s.21(1)(d)



RISKS

s.21(1)(d)

- Status of HNIC at end of contract term - if Rogers does not renew we will need to replace HNIC programming and manage advertising revenue loss on entire schedule due to reduced audience share.
 - Mitigation plan – four year term provides time to develop alternative program strategy and business model

s.18(a)

s.18(b)

s.20(1)(b)

s.20(1)(c)

s.20(1)(d)



RISKS (CONTINUED)

- Stakeholder reaction to Rogers deal.
 - Mitigation plan: Strong communication plan that emphasizes benefits of deal and lack of alternatives.

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

s.21(1)(a)
s.21(1)(d)

s.18(a)
s.18(b)
s.20(1)(b)
s.21(1)(a)
s.21(1)(c)
s.21(1)(d)



OPPORTUNITIES

s.21(1)(a)
s.21(1)(c)



APPENDIX



COMPARISON OF HOCKEY RIGHTS DEALS OUTCOMES

| | Impact no Hockey | If CBC accepts Rogers Proposal |
|---|------------------|--------------------------------|
| Financial (analysis on a 5 year basis for consistency between scenarios) | | |

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

s.20(1)(b)

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



COMPARISON OF HOCKEY RIGHTS DEALS OUTCOMES

| | Impact no Hockey | If CBC accepts Rogers Proposal |
|--------------------|--|---|
| Impact on Schedule | | |
| Promotion | Promotional capability dramatically diminished | Promotional capability largely maintained |

s.21(1)(a)
s.21(1)(b)