

Board of Directors

March 2, 2012

Subject matter

Distribution agreement (RDI, ARTV and Explora) and other related agreements between CBC/Radio-Canada and Quebecor/Videotron

Background

On February 8th 2012, CBC/Radio-Canada and Quebecor/Videotron reached an agreement in principle involving several Quebecor Group entities. We are asking the Board of Directors to approve this **agreement**, which has the following objectives:

- Renew the RDI and ARTV distribution agreements.
- Secure distribution of the new Explora channel.

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

Information on the matter

The attached document presents the key components of the agreement, the financial and strategic impacts, and an assessment of the risks associated with the transaction. It reflects the terms of the letter of agreement, as well as those agreed to in negotiating the long-form contracts. Certain details are still being discussed. The parties have agreed to finalize the long-form contracts within 30 days of signing the letter of agreement, subject to approval by the boards of directors of the entities involved. The parties have targeted March 2nd as a closing date for the transaction.

For decision

For information

Prepared by

Name: Louis Lalande, Robert Trempe, Marie-Philippe Bouchard, Peter St.Onge
Date: February 28, 2012

Management recommendation

Approve the agreement in principle and enable ratification of the long-form contracts that would bring it into effect.

Last discussed at the Board

Date: N/A
Decision made:

Next steps

Sign the long-form contracts and implement them as scheduled, primarily with an eye to launching the Explora channel by March 30, 2012.

Anticipated project completion date: _____
(If contract, indicate date of expiry): _____

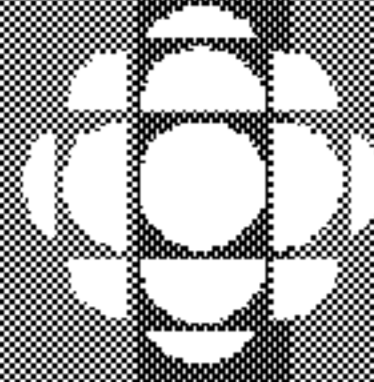


Radio-Canada– Videotron/Quebecor Agreement

Presented to the CBC/Radio-Canada Board of Directors
on March 2, 2012

Note:

Long-form agreements currently in negotiation.
This document reflects the terms included in the February 8 letter of agreement, as well as those already agreed to as part of drafting the long-form contracts.



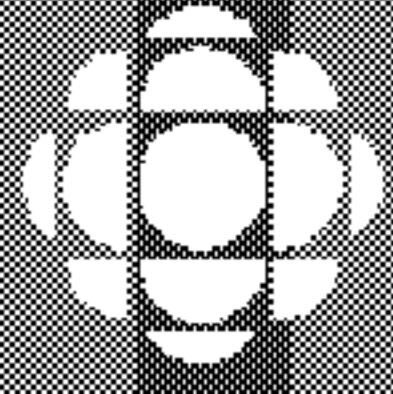
RADIO TELEVISION INTERNET

Introduction - Background

s.18(b)

s.20(1)(b)

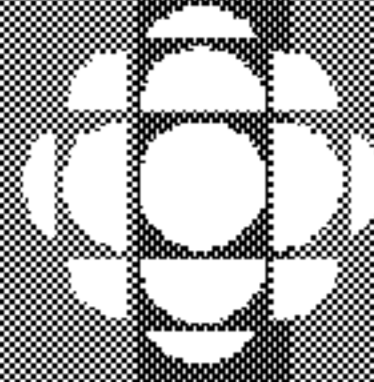
- Videotron is the largest broadcasting distribution undertaking (BDU) in Quebec, with over 60% of the province's cable and satellite TV subscribers.



RADIO TELEVISION INTERNET

Introduction - Objectives

In light of the foregoing, this agreement will allow us to:

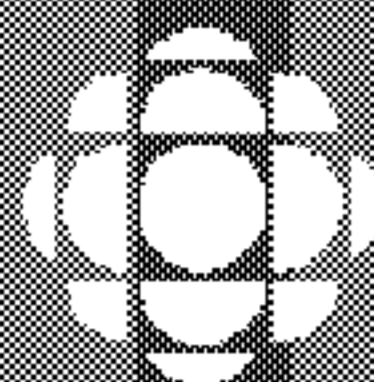


RADIO TELEVISION INTERNET

Overview of Agreement

- **agreements**
- **Renewal of RDI and ARTV agreements**
 -
 -
- **Launch of Explora in March 2012**

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



RADIO TELEVISION INTERNET

Financial Overview

Current Agreement

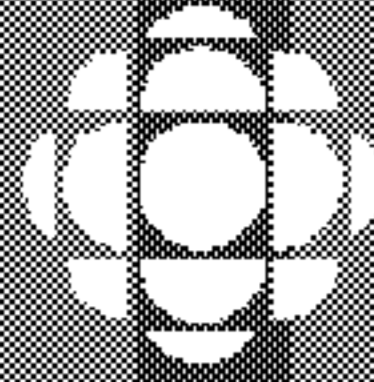
New Agreement

Revenue Impact

RDI distribution

ARTV distribution

Explora distribution



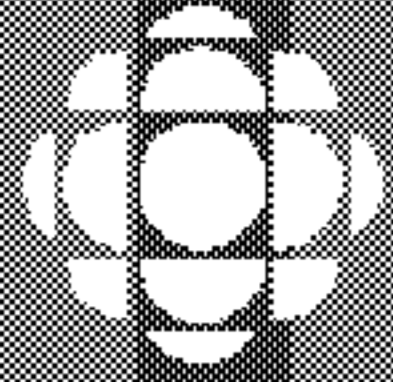
RADIO TELEVISION INTERNET

Strategic Impacts

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

Strategy 2015 - Platforms

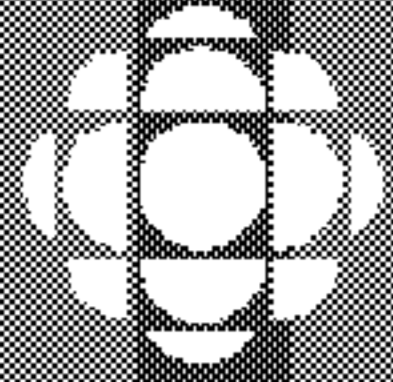
- Launches our first digital specialty service : Explora.



RADIO TELEVISION INTERNET

Strategic Impacts

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



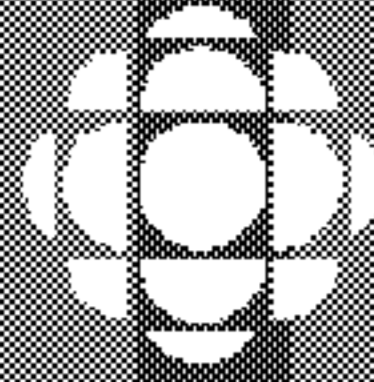
RADIO TELEVISION INTERNET

Risk Assessment

s.21(1)(b)

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

Risks associated with the agreement



RADIO TELEVISION INTERNET

Appendix

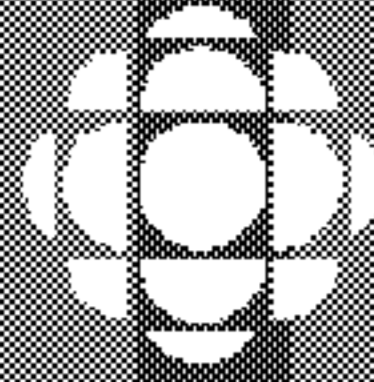
a) Summary of Commercial Terms

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

As per the February 8 letter of agreement and the terms already agreed to as part of drafting the long-form contracts

Specialty services:

	RDI	ARTV	Explora
Term			
Wholesale rate			
Packages			
Other terms	-	-	To be launched by March 31, 2012



RADIO TELEVISION INTERNET

Appendix

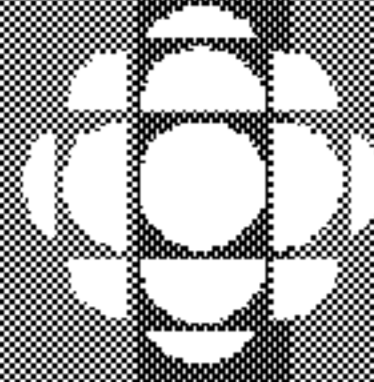
Summary of Commercial Terms

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

As per the February 8 letter of agreement and the terms already agreed to as part of drafting the long-form contracts

Radio-Canada content:

Term



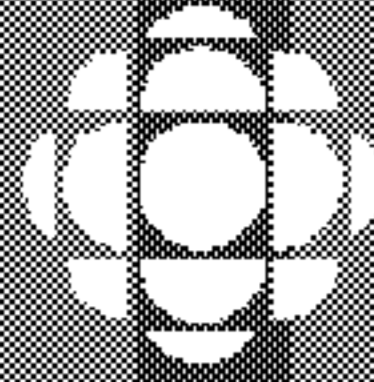
RADIO TELEVISION INTERNET

Appendix

Summary of Commercial Terms

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

As per the February 8 letter of agreement and the terms already agreed to as part of drafting the long-form contracts



Appendix

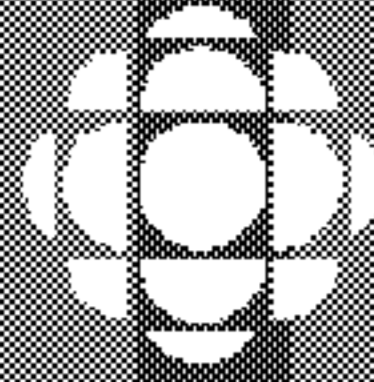
b) Criteria issued by the CRTC to establish fair market value of specialty service's wholesale rates

Excerpt from Broadcasting Regulatory Policy CRTC 2011-601-1

Regulatory framework relating to vertical integration - Code of conduct for commercial arrangements and interactions

« Where applicable, negotiating a wholesale rate for a programming service based on fair market value should take into consideration the following factors:

- a. historical rates;
- b. penetration levels and volume discounts;
- c. the packaging of the service;
- d. rates paid by unaffiliated BDUs for the programming service;
- e. rates paid for programming services of similar value to consumers;
- f. the number of subscribers that subscribe to a package in part or in whole due to the inclusion of the programming service in that package;
- g. the retail rate charged for the service on a stand-alone basis; and
- h. the retail rate for any packages in which the service is included.»



RADIO TELEVISION INTERNET

Appendix

c) Short description of activities of Quebecor divisions involved in the deal

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

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

SCHEDULE B

RESOLUTION

CONCERNING APPROVAL OF AN AGREEMENT IN PRINCIPLE FOR THE MAKING OF CERTAIN CONTRACTS, INCLUDING FOR DISTRIBUTION OF THE RDI AND EXPLORA SIGNALS

WHEREAS on February 8, 2012, the Canadian Broadcasting Corporation (“**Corporation**”) entered into an agreement in principle with certain Quebecor Media Inc. companies, including Videotron G.P. and Sun Media Corporation (collectively the “**QMI Group**”);

WHEREAS the agreement in principle covers a set of transactions to be detailed in contracts between the Corporation and the QMI Group, said transactions being said transactions taken globally, being favourable to the Corporation;

WHEREAS the contracts resulting from the agreement in principle shall primarily secure distribution of RDI and the Radio-Canada subsidiary ARTV, as well as ensure distribution of the new Explora channel;

WHEREAS the contracts resulting from the agreement in principle shall also enable the Corporation to make its

BE IT RESOLVED THAT the Corporation be and is hereby authorized to enter into, to execute, whether under the corporate seal of the Corporation or otherwise, and to deliver contracts with a _____ term relating to the distribution of the signal for RDI and for Explora as well as other related contracts required to give effect to the agreement in principle signed on February 8, 2012,

subject to

such other terms and conditions as determined by any two of either the Senior Executive Director, Revenue, French Services, the Executive Vice-President of French Services, and the Executive Director, Finance and Management Services, French Services (the “**Officers**”).

BE IT ALSO RESOLVED THAT the Corporation, as a shareholder of ARTV Inc., indicates its acceptance to the latter’s board of directors, such that a distribution contract for the ARTV signal may be signed between ARTV Inc. and Videotron G.P. for a _____ period.

BE IT FURTHER RESOLVED THAT two Officers or their respective delegates, be hereby authorized and directed, for and on behalf of the Corporation, to execute, whether under the corporate seal of the Corporation or otherwise, and to deliver the long-form contracts and all such documents, instruments and agreements, and to do all such acts and things as such Officers may in their absolute discretion determine to be necessary or desirable to carry out the foregoing resolutions inclusive of this resolution, including without limitation all documents and actions necessary in connection with or in implementation of the transactions contemplated in the agreement in principle of February 8, 2012, with such changes thereto as such Officers shall determine and otherwise in form and substance acceptable to such Officers of the Corporation, the execution and delivery of any such long-form contracts in accordance with the provisions of this paragraph being conclusive evidence of such determination and acceptance.