



INVESTMENTS

HIGHLY CONFIDENTIAL

TO:	Audit Committee / Board of Directors
MEETING:	May 3, 2016
FROM:	Sylvie Gadoury, Vice-President, Legal Services and General Counsel Judith Purves, Executive Vice-President & Chief Financial Officer
DECISION SOUGHT:	Briefing on Proposed Transaction by SiriusXM Canada and authorization to support the Proposed Transaction and sell CBC/Radio-Canada's shares
DATE:	April 29, 2016



A1. CONTEXT

- In January 2016, Sirius XM Canada Holdings Inc. (“XSR”) received a non-binding term sheet from Sirius XM Radio Inc. (“SIRI”), its parent company, proposing a go-private transaction (“Proposed Transaction”)
- Due to CRTC regulations, XSR has 3 major Canadian shareholders:
 - Slight Communications (12.3% economic; 19.3% voting interest; 15.8M shares),
 - Obelysk Media (10.1% economic; 17.1% voting interest; 12.9M shares); and
 - CBC/Radio-Canada (10.2% economic; 9.6% voting interest; 13M shares)
- Other shareholders: SIRI (37% economic; 25% voting interest) and public shareholders (30% economic; 29% voting interest)
- **SIRI’s Proposed Transaction:**
 - Buy-back of all outstanding shares at \$4.50 per share
 - Suspension of dividend payment between announcement and closing of the offer.
 - Roll-in one or more Canadian shareholders into a new private company to be formed (“PrivateCo”)



A2. KEY DECISION ELEMENTS

- Approval to support the SIRI Proposed Transaction in order for SIRI to submit a Plan of Arrangement to the shareholders
- Vote in favour of ensuing Plan of Arrangement
- Approval of the Plan of Arrangement (by 2/3 of shares voted at the meeting + majority of the minority i.e. 50.1% of shares voted by public and CBC/Radio-Canada) would result in receipt of a consideration in cash for all CBC/Radio-Canada's shares into XSR.
- See Appendix B1 for CIBC presentation on Financial



A3. KEY BENEFITS, IMPACTS & RISKS

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

■ KEY BENEFITS

- Proceeds from the sale will be reinvested



■ IMPACTS

- CBC provides content to XSR through a programming supply agreement, whereby six CBC channels are made available to 2.6 million subscribers in Canada and 30 million subscribers in the US. The supply agreement is secured to **2022**.
- CRTC's approval of the Proposed Transaction structure is required.



A3. KEY BENEFITS, IMPACTS & RISKS

■ IMPACTS (Ctn'd)



■ RISKS

- On April 26, 2016, SXR issued a press release stating it had received a demand notice from SIRI regarding the payment of US\$34 millions in fees in arrears in addition to an ongoing future claim against XSR.
- Change in technology
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s.18(b)
s.20(1)(b)
s.21(1)(b)

A4. OTHER OPTIONS CONSIDERED

- Refusal to support the Proposed Transaction:





A6. RESOLUTION

- That the Audit Committee recommend to the Board that the President and CEO be authorized to:
 - Support the SIRI Proposed Transaction
 - Vote in favour of the ensuing Plan of Arrangement
 - Sell all CBC/Radio-Canada's shares in XSR for a consideration in cash at the price and terms and conditions stipulated in the Proposed Transaction;
 - Do all things necessary to give effect to the foregoing.



A6. NEXT STEPS

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

- Confirm to SIRI that CBC/Radio-Canada supports the Proposed Transaction by 4:00pm May 4th, 2016
- Issue press release after SIRI's announcement (May 5th, 2016 – *to be confirmed*); see draft of the press release as Appendix B2
- Vote in favour of the Plan of Agreement at the shareholders meeting (standard timeline is 60 days)



B. APPENDICES

- Appendix B1: CIBC's presentation on Financial
- Appendix B: 2 Press release