

2018 & 2020 OLYMPIC GAMES

TO:	Hubert T. Lacroix
MEETING:	Board of Directors Meeting - October 1, 2014
FROM:	Heather Conway, Executive Vice President, English Services Neil McEneaney, Chief Business Officer, English Services Jeffrey Orridge, Executive Director, CBC Sports & General Manager, Olympics Francois Messier, Executive Director, Production, French Services Jean Mongeau, General Manager and Chief Revenue Officer, Revenue Group
PURPOSE:	Approval of CBC/Radio-Canada's Extension for the 2018 & 2020 Olympic Games
DATE:	September 30, 2014



INTRODUCTION: 2018 & 2020 OLYMPIC DEAL

CBC/Radio-Canada has negotiated an agreement, subject to your approval, to secure the broadcast rights to the 2018 Olympic Games (PyeongChang, South Korea) and 2020 Olympic Games (Tokyo, Japan).

This deal leverages:

- Goodwill and shared mutual success with the IOC.



INTRODUCTION: 2018 & 2020 OLYMPIC DEAL

- This deal provides the foundation to start implementing our Sports Strategy under *Strategy 2020*, previously approved in June 2014:
 - "Pursue a consortium bid approach for future Olympic Games where CBC is the lead broadcaster"
 - "Assuming CBC/Radio-Canada is able to establish a successful consortium model with other broadcasters/media partners, establish a small, flexible Olympics business unit. This will also require pursuing an Olympic "support sports" acquisition strategy between Games"
 - "We believe that as the public broadcaster, we have an important role to play in promoting relevant, nation-building experiences to the Canadian public and showcasing Canadian talent, and the Olympics are the gold standard"
- Solidifies CBC/Radio-Canada as the brand steward of the Olympic Games in Canada and continues the tradition of excellence



DETAILED TERMS FOR EXTENSION

Category	Extension Terms
Parties	CBC/Radio-Canada and the IOC
Bid Term	2018 Winter and 2020 Summer Olympic & Paralympic Games
Olympic Rights	
Financial Terms	



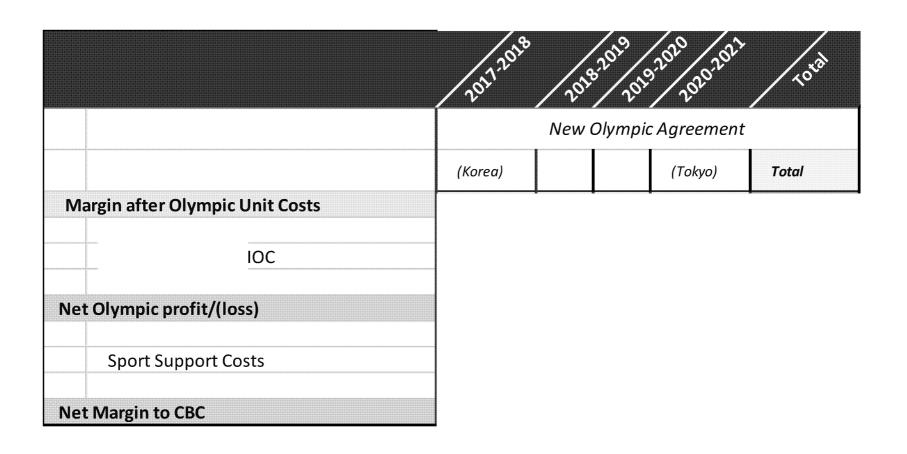
BUSINESS PLAN

	2013-2014	2014-2015	2016 201	Total	2017-2018	2018-2019 2019-2020 2020 2020 2020	
	Current Olympic Agreement				New Olympic Agreement		
	(Sochi)		(Rio)	Total	(Korea)	(Tokyo) Total	
Revenues	.1	1 I	•	•	8 8		
Advertising - Conventional & Specialty							
Advertising - Digital							
Sublicensing & Syndication							
Total Revenues	*						
Costs							
Rights	×						
Production Costs							
Sales & Promotion	•						
Total Costs	* * * * * * * * * * * * * * * * * * *						
Margin before loss of sports infrastructur							
Impact of Smaller Infrastructure	x.						
Additional Facility Costs	v						
Updated Margin	X (0.000						
Olympic Unit (Production Staff)	·						
Margin after Olympic Unit Costs							



DISTRIBUTION OF OLYMPIC

The Olympic margin (after Olympic Unit Costs) of 5





BUSINESS PLAN ASSUMPTIONS

The business plan is based on the following assumptions:

Revenues

Costs:

Rights



 \checkmark

1



BUSINESS PLAN ASSUMPTIONS

- Costs cont'd
- Production
 - South Korea production budget (before adjustment for loss of sports infrastructure)
 consistent with Sochi
 - Tokyo production budget (before adjustment for loss of sports infrastructure) lower than Rio Games due to:
 - Extending the One Company approach: Deeper collaboration between CBC, Radio-Canada, Bell & Rogers to amalgamate resources & reduce cost
 - Apply key learning's from upcoming Pan Am Games on best practices and new ways of producing content across all platforms
 - Seek more partnerships with other international broadcasters to find efficiencies to reduce cost (i.e., sharing transmission, sharing commentary, etc.)
- Sales and promotion
 - ✓ Maintained costs as a percentage of commercial revenues



BUSINESS PLAN ASSUMPTIONS

Costs – cont'd



RISKS AND MITIGATION

Ris	k		Mitigation		
Revenues		Revenues			
Rights		Rights			



RISKS AND MITIGATION

Risk	Mitigation
Production costs	Production costs
Financial	Financial



SECURED OLYMPIC PARTNERS

s.18(b)

s.20(1)(b)

s.21(1)(b)

s.68.1



s.18(b) s.20(1)(b) s.21(1)(b) s.68.1

SECURED OLYMPIC PARTNERS - CONT'D

CBC (Radio-CA0059638_13-000087

13



s.18(b) s.20(1)(b) s.21(1)(b)

s.68.1

OPPORTUNITIES: FURTHER PARTNERSHIPS

14 CBC (Radio-CA0059638_14-000088



NEXT STEPS

- Obtain Board of Director's approval for a rights extension offer of no more than
 for the 2018 & 2020 Games
- Finalize agreement with IOC based on Board approved terms