



Summary of UK sports rights

Annex 10 to pay TV market investigation consultation

Publication date: 18 December 2007

Annex 10

Summary of UK sports rights

This annex contains an Ofcom-commissioned independent report produced by Spectrum Value Partners sets out an overview of the UK industry for television rights to sports content, including:

- Key sports rights bought and sold for distribution in the UK
- Relationships between broadcasters and rights holders in the UK
- The way rights have been sold in the UK



Final version

Sports Rights Review

15th November 2007

Preface

- The aim of this report is to provide a factual summary of sports rights and how they are and have been sold in the UK
- The report profiles a selection of sports / events of significant importance to UK broadcasters and / or viewers
 - football: the Premier League, the FIFA World Cup, the UEFA Champions League, the FA Cup
 - other sports: the Olympic Games, cricket, rugby union, rugby league and Formula One
- We have also included shorter “case studies” on the Football League and the UEFA Cup. These have been included to highlight specific points
- For each sport / event, where the information has been available, we provide a summary of how the rights have been sold over the last two decades (including value, purchaser, duration, type of rights, regulatory interventions, listed event status)
- We also provide comments on:
 - how broadcasting rights affect upstream markets
 - broadcasters’ equity interests in sports organisations
- It should be noted that in many cases, values of rights deals are not released into the public domain by the relevant parties. Where “official” figures are lacking, the report uses a range of third party estimates which we have sourced appropriately. In cases where third party estimates have been inconsistent, we have taken the value from the source that appears to be the most thorough and reliable. In cases where Spectrum Value Partners has access to relevant confidential information, we have not used this. Readers should be aware that, in the absence of official information, an element of uncertainty exists over deals
- Rights deals tend to be done in periods of 3-5 years, however, for purposes of comparison, we have averaged the value of any multi-year deals over the number of years of that deal in a constant fashion in order to obtain an annual value for the deal
- Our focus is on UK rights only. We have not assessed the international sports rights markets, either for international properties, such as the Olympic Games or for UK properties with overseas appeal, such as the Premier League

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Chapter 1 – Football

Chapter 2 – Olympic Games

Chapter 3 – Cricket

Chapter 4 – Rugby Union

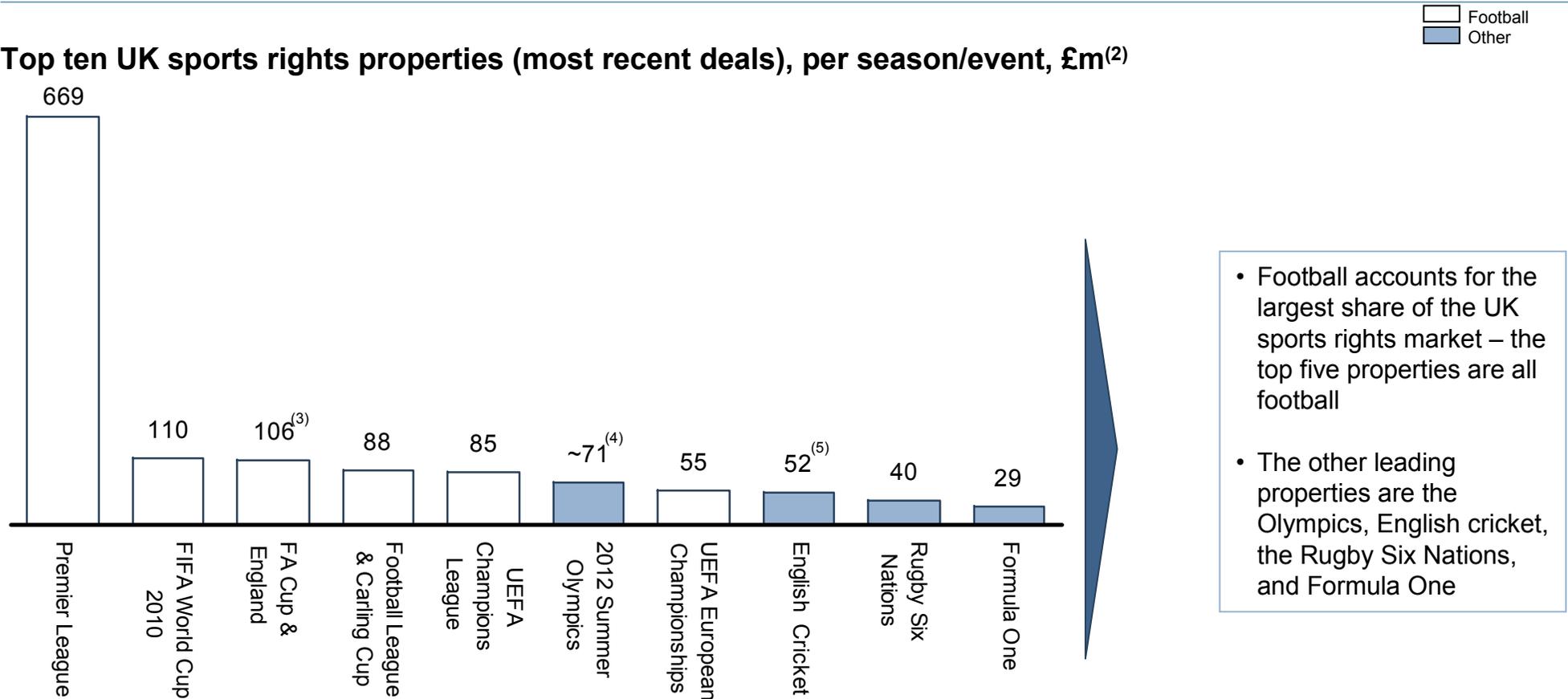
Chapter 5 – Rugby League

Chapter 6 – Formula One

Appendix

The notional annual value⁽¹⁾ of the UK's top ten sports rights properties is £1.3bn

Top ten UK sports rights properties (most recent deals), per season/event, £m⁽²⁾



- Football accounts for the largest share of the UK sports rights market – the top five properties are all football
- The other leading properties are the Olympics, English cricket, the Rugby Six Nations, and Formula One

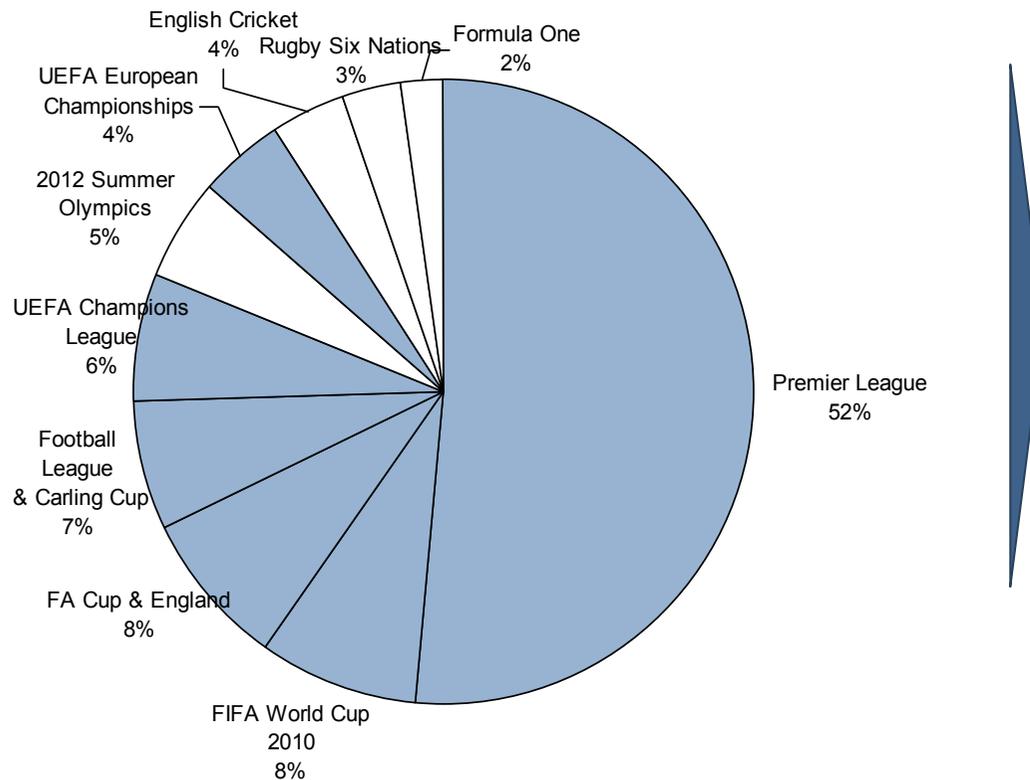
Note: (1) Yearly averages taken where a rights deal covers a number of years. Where events are not annual, i.e. FIFA World Cup and Olympic Games, we have used the value for the year when the event occurs
 (2) Figures are for the most recently agreed rights deals (i.e. may be for future events) – see appendix for description of different types of rights packages
 (3) FA Cup and England home internationals
 (4) Estimate based on assumption of BBC paying 25% of EBU fees (exchange rate of £1=\$2 has been used)
 (5) Tests in England, One Day Internationals and Twenty20 internationals

Source: Press reports, TV Sports Markets, Sportcal, Spectrum Value Partners analysis

The Premier League accounts for over half the value of the top ten sports rights properties

Top ten UK sports rights properties (most recent deals), per season/event, % by value

Other sports
Football



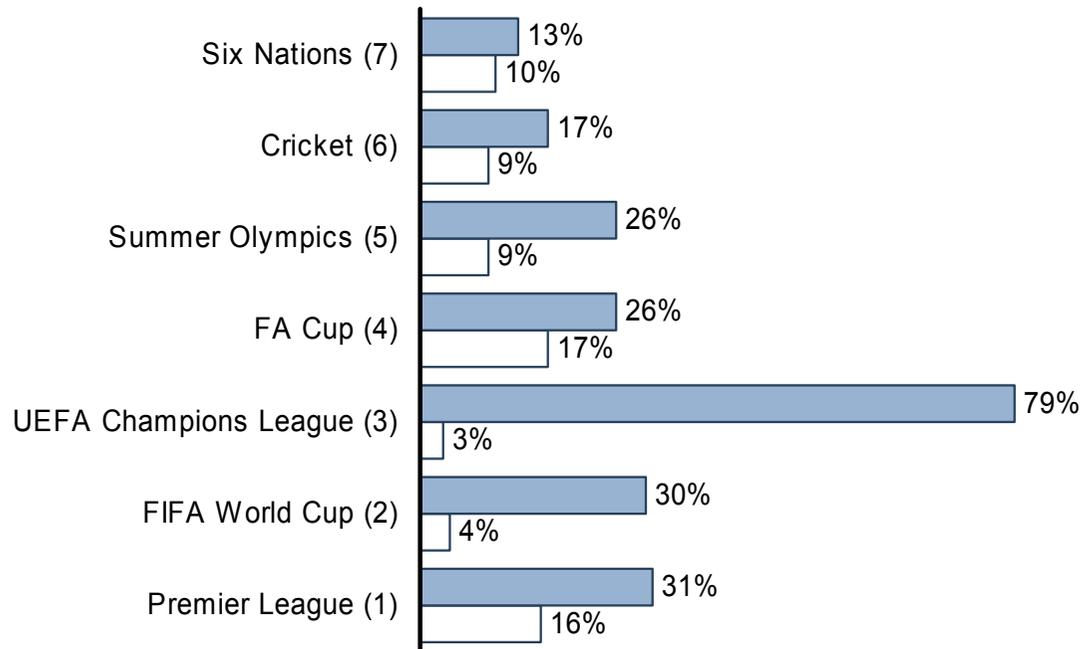
- The Premier League deal is by far the largest rights property - six times the size of the second largest (the World Cup) - larger than the other nine put together - contributes 52% of the total value of the top ten properties
- Football properties account for 85% of the total value of the top ten rights properties

Note: See notes on previous page
Source: Press reports, TV Sports Markets, Sportcal, Spectrum Value Partners analysis

During the 1990s, sports rights values grew very rapidly – since 2000, growth has continued but at much slower rates

Growth rates of sports rights of selected sports(*)

1990s CAGR
2000s CAGR



- Since 2000, the growth in the value of sports rights has slowed
- For example, during the 1990s, the value of Champions League rights grew at a CAGR of 79%. However, since 2000, the growth rates have fallen to 3% p.a.
- However, it should be noted that there are a number of reasons that could account for some of the slower growth since 2000, these include:
 - format changes that were made in the 1990s making a property more valuable, i.e. through increasing the number of fixtures in a period, or restructuring a competition to make it more competitive
 - in many cases, the time period over which the CAGRs have been calculated is shorter for the 2000s than the 1990s (as we are not yet at the end of the decade). This means that there could have been fewer rights periods in this time, and so the value of the rights has not had the opportunity to increase as significantly as it could have done over a longer period

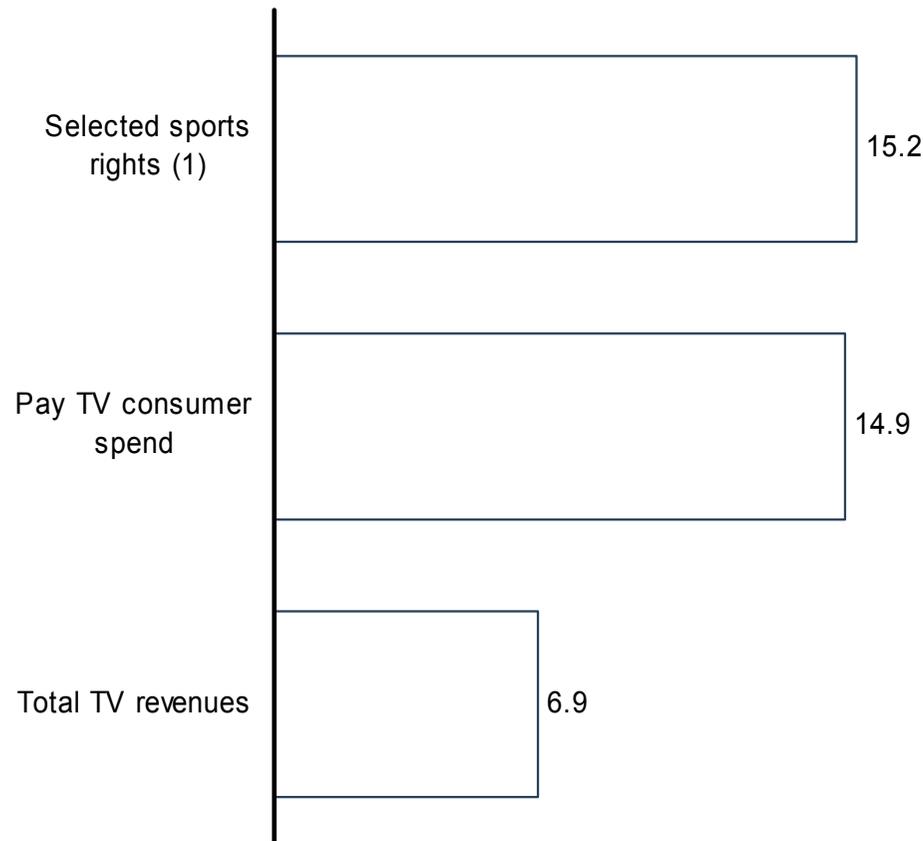
Note: * CAGR (compound annual growth rates), i.e. year on year percentage growth rates

1. 1990s CAGR is from 1990/91-1999/00, 2000s CAGR is from 1999/00 – 2008/09
2. 1990s CAGR is from 1990-2002, 2000s CAGR is from 2002 – 2010
3. 1990s CAGR is from 1993/4-1999/00, 2000s CAGR is from 1999/00–2008/09
4. 1990s CAGR is from 1990/91-2000/01, 2000s CAGR is from 2000/01– 2008/09
5. 1990s CAGR is from 1992-2000, 2000s CAGR is from 2000 – 2012
6. 1990s CAGR is from 1995-2000, 2000s CAGR is from 2000 – 2008
7. 1990s CAGR is from 1991-2000, 2000s CAGR is from 2000 – 2008

Source: See appendix for full explanation of CAGR calculations

The growth in sports rights values has been driven, in the main, by the growth of pay TV

UK TV revenues and sports rights CAGRs, 1997-2006 (%)



- Over the last ten years, rights values for top sports properties have grown at a similar pace (CAGR of 15.2%) to the growth of pay TV revenues
- In the same time period, UK TV revenues have grown at a CAGR of 6.9%
- Pay TV revenues have been the fastest growing sector (CAGR 14.9%) – driven by
 - pay TV subscribers growing from 6.0m in 1997 to 11.7m in 2006 (CAGR 7.8%)
 - annual ARPU⁽²⁾ growing from £212 to £361 (CAGR 6.1%)
- Advertising and licence fee revenues have grown at slower rates: 2.3% and 5.5% CAGR respectively

Note: (1) Rights values for the sports profiled in this report (not including UEFA Cup and the Football League)

(2) ARPU = annual revenue per user

Source: Zenith Optimedia, Informa, Screen Digest

The emergence of pay TV has made possible a dramatic increase in the volume of sport on TV and encouraged widespread innovation

Examples of increases in the volume of sport on TV

- **Premier League football:** 138 live matches were broadcast in 2006/07, compared to only 15 First Division matches in 1988/89-1991/92
- **Champions League football:** all 125 matches are now available live. In group stages, all eight games on match days are available (either on ITV and its digital channels or on Sky via its channels or via red button interactivity)
- **Rugby League and Rugby Union:** significantly increased coverage of club matches
- Wide selection of **overseas sport**, including England's overseas cricket tours (shown live for the first time on Sky), European football (Italian and Spanish leagues)

Examples of innovation in sports coverage

- **Red button interactivity:** allowing viewers to choose which game they would like to watch or via which camera (e.g. Sky's Football First, BBC Wimbledon and Olympics coverage)
- **Technological innovation:** Hawkeye, Snickometer (Cricket - Channel 4), enhanced 3D graphics (Six Nations - BBC, Premiership Football – Sky), high definition sports channels (Sky Sports HD – Sky)
- **“Spin-off” programmes:** sport themed news and magazine series, such as The Rugby Club, Soccer AM, Soccer Saturday

- Over the last twenty years, the volume of sport available on TV has increased dramatically – largely because increased capacity allows entire channels to be dedicated to sport
- The growth of pay TV has also encouraged a wide range of innovation in sports coverage – as the level of competition between broadcasters (both pay and FTA) has intensified
- Much of this innovation has been led by Sky Sports, who have been keen to differentiate themselves from the established terrestrial players, i.e. the BBC and ITV
- Other broadcasters have responded to the changes and made innovations of their own

However, some rights holders prefer the benefits of free-to-air (FTA) TV, whilst others have been criticised for moving to a pay TV environment

Sports preferring the benefits of free-to-air TV

Formula 1

- The majority of Formula One's income is derived from sponsorship which relies on the sport attracting large viewing figures
- For a pay TV broadcaster to win the rights to Formula One, it would need to offer a significantly higher price than a FTA channel, in order to make up for any shortfall in sponsorship revenues associated with its smaller audiences
- So far, no pay TV operator has been willing to offer such an amount, so F1 remains a FTA proposition

Wimbledon

- Over the last 20 years, the All England Tennis Club (AETC) has opted not to sell its rights to different broadcasters, preferring to develop its longstanding relationship with the BBC
- The AETC prefers the exposure and status that exclusive BBC coverage gives the event, and in turn the BBC commits a significant amount of money towards producing the event

Sports receiving criticism for selling rights to pay TV operators

Six Nations and Cricket

- The move of English rugby and cricket to pay TV, in 1997 and 2007 respectively, was met with criticism
- The primary criticism being that pay TV restricts the amount of exposure that a sport can get, as a result of pay TV audiences being smaller than their FTA counterparts
- This lack of exposure can have a knock-on effect at grass-roots level and affect the overall health of the game
- Conversely, the advocates of pay TV claim that the greater rights value delivers vital investment into the game
- Rugby moved back to FTA TV in 2001

Source: Spectrum Value Partners analysis, Press reports, Sportcal

An over-reliance on pay TV rights revenues has, on occasions, created difficulties for individual properties and clubs

Market failure

Football League

- In 2000, the Football League agreed a £315m three year deal with pay TV operator ONdigital
- ONdigital ceased operations in 2002, with a substantial portion of the £315m remaining unpaid
- The Football League was unable to recover the money from Carlton and Granada (the ultimate owners) because there were no parent company guarantees
- Following the closure of ONdigital, a number of lower league clubs went into receivership and cost-cutting exercises resulted in significant job losses

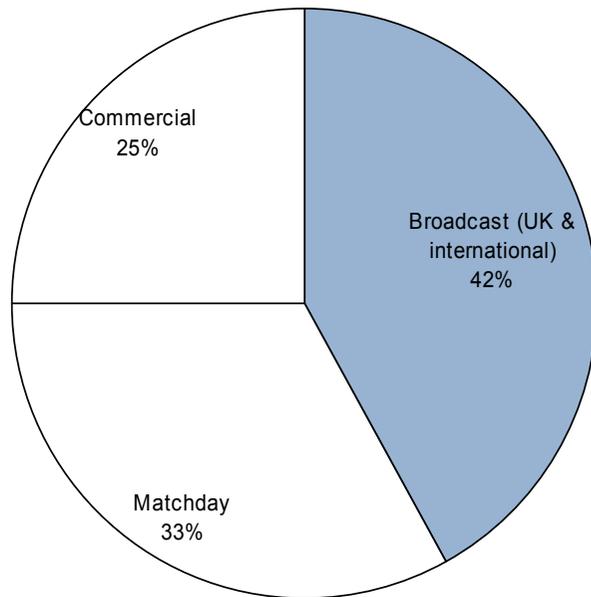
Fluctuations in rights values

Rugby League

- In 1996, the Rugby League agreed an £87m, 5-year deal for live league rights with pay TV operator Sky, creating the Super League in the process
- In 1998, following a failed attempt to create a global Super League competition involving teams from Europe and Australia, Sky terminated its existing contract with the English Super League and renegotiated a new deal worth £45m - this represented a fall of 48% in the annual value of the rights
- The sharp fall in the value of the rights led to financial difficulties for a number of clubs that were not expecting the value of the property to fall

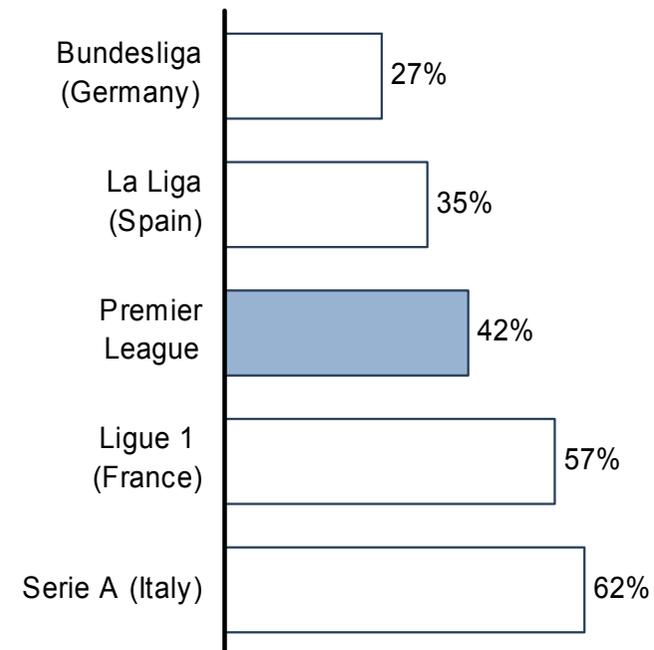
Broadcast rights can represent the single largest source of revenue for sports bodies – as illustrated by the Premier League

Premier League clubs average revenue breakdown 2005/6 (%)



- In 2006/07, Premier League clubs generated revenues of c£1.4bn
 - 42% from broadcast rights, 33% from match day revenues, 25% from “commercial” sources, e.g. sponsorship and merchandise

Broadcast share of total club revenue: top European leagues, 2005/6 (%)

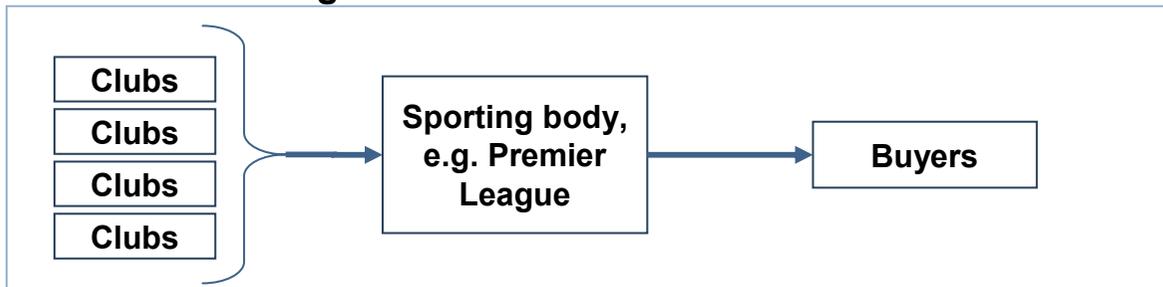


- The Premier League earns a lower proportion of its revenues from media rights than the French and Italian leagues but higher than the Bundesliga in Germany and La Liga in Spain

Source: Annual Review of Football Finance 2007, Deloitte; Spectrum Value Partners analysis

There are three main models for how rights are sold

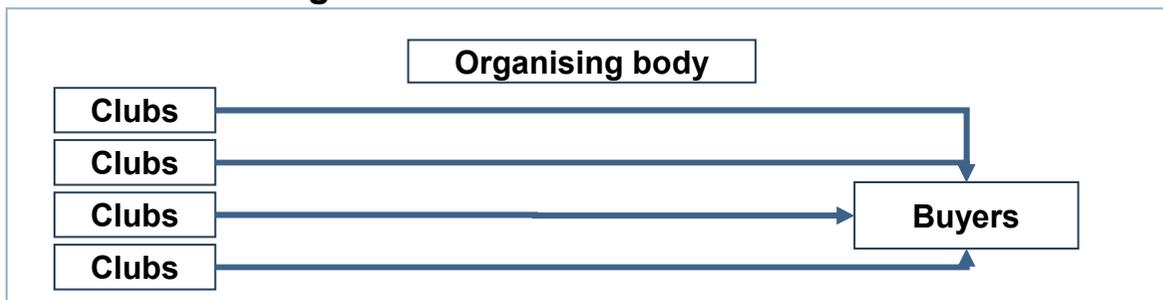
Collective selling



- Rights are sold by the sports organising body/league on behalf of its members
- Income generated from rights sale is redistributed to clubs
 - e.g. Premier League



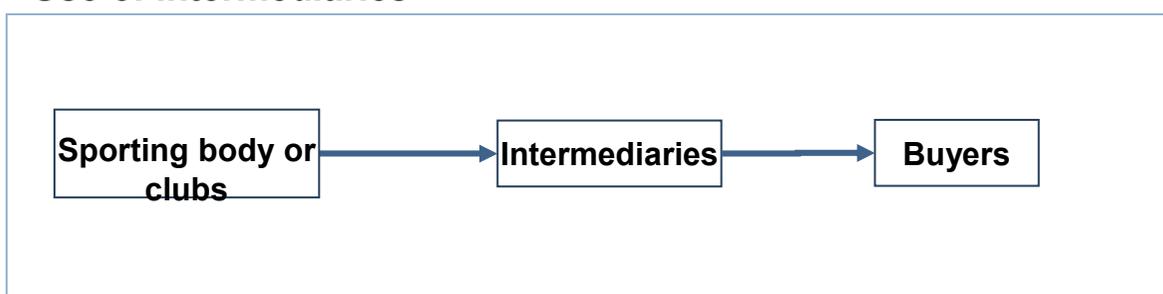
Individual selling



- Rights are sold by clubs/teams directly to buyers
- Often this favours the stronger teams in a league / competition who own more valuable properties
 - e.g. Serie A, Italian Football



Use of intermediaries

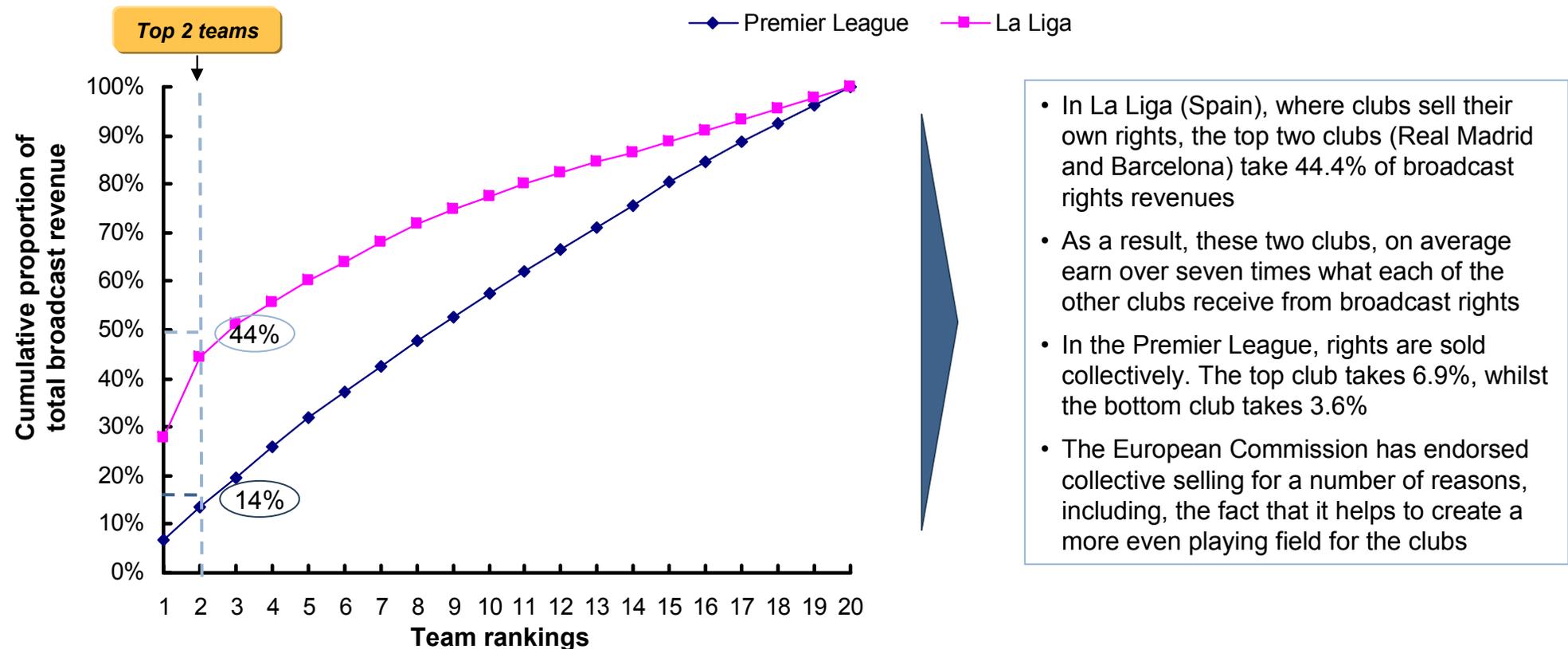


- Rights are sold to specialist intermediaries who sell on rights to buyers
 - e.g. FIFA's use of rights intermediary "Kirch" in the sale of the 2002/06 World Cup tournament



The “solidarity principles” associated with collective selling can deliver a more even distribution of income to individual clubs

Distribution of broadcast revenues as % total (cumulative)



- In La Liga (Spain), where clubs sell their own rights, the top two clubs (Real Madrid and Barcelona) take 44.4% of broadcast rights revenues
- As a result, these two clubs, on average earn over seven times what each of the other clubs receive from broadcast rights
- In the Premier League, rights are sold collectively. The top club takes 6.9%, whilst the bottom club takes 3.6%
- The European Commission has endorsed collective selling for a number of reasons, including, the fact that it helps to create a more even playing field for the clubs

Source: Premier League annual report (2006-07), TV Sports Markets, Spectrum Value Partners analysis

The UK Broadcasting Act ensures that certain sports events are effectively reserved for FTA TV

Sport	Category A	Category B
Multi-games & athletics	Olympic Games	Commonwealth Games World Athletics Championship
Football	FIFA World Cup Finals, all games Euro Championships Finals, all games FA Cup Final; in Scotland, Scottish FA Cup Final	
Horseracing	Grand National Derby	
Rugby Union	World Cup final	World Cup Finals matches, except final Six Nations matches involving home nations
Rugby League	Challenge Cup Final	
Tennis	Wimbledon Finals	Wimbledon, non-finals
Cricket		Tests played in England World Cup – final, semi-finals and matches involving home nations
Golf		Ryder Cup Open Championship

- **Category A** events cannot be broadcast live on an exclusive basis on channels with less than 95% coverage
 - unless qualifying broadcasters (BBC One, BBC Two, ITV1 and Channel 4⁽¹⁾) have had a chance to acquire the rights on terms which match their resources
- **Category B** events may not be broadcast live by non-qualifying channels unless adequate highlights or delayed coverage are available on a qualifying channel
- There have been challenges to the UK listed events legislation – in particular, around what constitutes a fair price for terrestrial broadcasters to pay
 - for example, Kirch Media wanted to auction the UK rights to the 2002 World Cup – which might have led to terrestrial broadcasters being out-bid by a pay TV operator. However, the House of Lords ruled that a fair and reasonable price for a terrestrial broadcaster might be less than what a pay TV operator might be prepared to pay

Note: (1) An exception was made for Five regarding its acquisition of cricket highlights as it was the only bidder
Source: TV Sports Markets

UK authorities have intervened in the relationships between the Premier League, broadcasters and individual clubs

OFT and the Premier League

- In 1999, the Premiership appealed against an OFT ruling claiming that the Premier League was operating as a cartel in its 1997/8-2000/01 £692m joint TV deal with Sky and the BBC on behalf of 20 clubs
- The OFT insisted that consumers were being treated unfairly because the Premier League was, it claimed, artificially inflating the cost of football and restricting fans' access to watching games on television
- However, the Premier League won the case arguing that the current system was good for the game, claiming it:
 - prevented the creation of a chasm between the top league clubs and the rest and the possibility of a breakaway by the elite clubs
 - generated between £5m and £10m extra revenue for the clubs each season, which they could invest back into the game
- The Premier League also argued it feared that victory for the OFT could mean more media companies attempt to takeover top clubs, leading to a shift of power from the league and clubs to corporate organisations

DTI and Sky's Man U acquisition

- In 1998-2000, several broadcasters bought equity stakes in major clubs - in an attempt to increase their influence over the allocation of TV rights
- In 2003, Sky tried to buy Manchester United for £623m
 - following a referral to the Merger and Monopolies Commission, the deal was blocked by the DTI on the grounds that the takeover would have reduced competition for the broadcasting rights to Premier League matches.
 - subsequently, the OFT ruled that no media company should be allowed to own over 10% stake in a football club
- Since that time, most media companies have sold their stakes - generally at a loss

The EC has also intervened on several occasions because of the perceived importance of sport in broadcast markets

EC and the Premier League

- In 2002, the EC investigated the Premier League's sales process and required the creation of four live packages – arguing that four packages would give more broadcasters an opportunity to gain live rights
- When the four packages were offered, Sky bought all of them
 - this prompted the EC to intervene again – resulting in Sky having to offer eight live matches to other broadcasters via a sublicensing deal
 - in the event, none of the potential bidders matched Sky's reserve price, so Sky retained the rights
- In 2005, the EC stepped in once again and reached an agreement with the Premier League for the next rights periods, the key terms of which were:
 - six live packages
 - no broadcaster to win more than five

EC and the Champions League

- Prior to the 2003/04 season, UEFA sold the entire Champions League rights on an exclusive basis to a single broadcaster in each country
 - in the UK, ITV had, through various rights rounds, held exclusive broadcast rights since 1993
- In 2002, the European Commission determined that this policy was “highly anti-competitive” because they claimed it:
 - stifled competition
 - prevented all available matches from being shown on television ('hoarding' of rights)
 - denied internet and mobile phone operators any access to the rights
- In response to the Commission's objections, UEFA agreed a new joint selling agreement, starting with the 2003/04 season, whereby rights in each territory would be sold to more than one broadcaster

This report reviews the development of the rights for events with the greatest appeal to broadcasters and viewers

Event	Value of UK rights	Listed event	Additional points of interest	Reference
Premier League	£669m p.a. (2007/08 – 2009/10)	No	Live rights split into six packages – must be split between more than one broadcaster	Chapter 1
FIFA World Cup	£110m for 2010 tournament	Category A	For 2002 and 2006 tournaments, Kirch unsuccessfully challenged listed status	Chapter 1
UEFA Champions League	£85m p.a. (2006/07 – 2008/09)	No	Required to be at least two broadcasters	Chapter 1
FA Cup and England home internationals	£106m p.a. (2008/09 – 2011/12)	Cup Final Category A	Recently switched from Sky/BBC to Setanta/ITV	Chapter 1
UEFA Cup⁽¹⁾	£8.3m p.a (2006/07 – 2008/09)	No	For early rounds, of competition, rights deals done on individual basis	Chapter 1: Case studies only to illustrate a specific point rather than a historical review
Football League⁽¹⁾	c£88m p.a. (2009/10 – 2011/12)	No	Case study about deal with ITV Digital and its collapse	
Olympic Games	c£71m for 2012 Summer Games ⁽²⁾	Category A	Rights deal sold via the EBU	Chapter 2
Cricket: England home tests	£52m p.a. (2006 – 2009)	Category B	Has moved from FTA to pay – which has attracted some criticism	Chapter 3
Rugby Union: Six Nations	£40m p.a. (2010 – 2013)	Home nations' matches Category B	England home matches switched from pay to FTA	Chapter 4
Rugby League: Super League	£9.6m p.a. (2004 – 2008)	No	“Super League” format created as a result of investment from pay TV operator	Chapter 5
Formula 1	£29m p.a. (2006 – 2010)	No	Sponsorship, rather than media rights, is the primary source of income	Chapter 6

Note: (1) Includes League Cup and Football League trophy; (2) Based on assumption that BBC pays 25% of EBU fees
Source: TV Sports Markets, Spectrum Value Partner analysis

Chapter 1 – Football

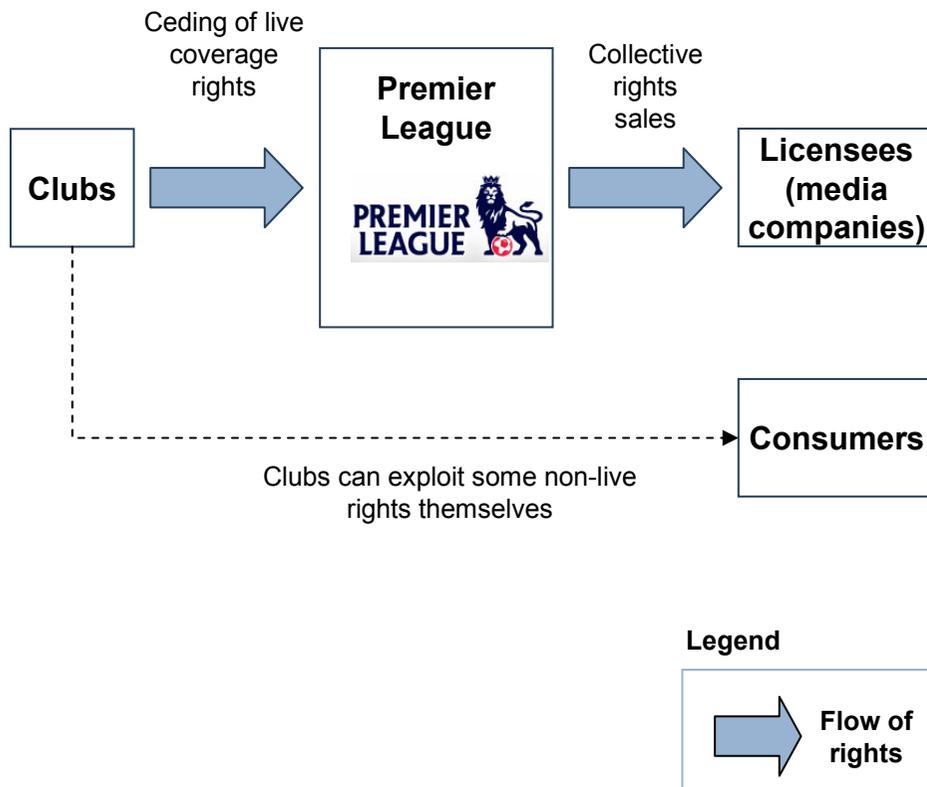
Chapter 1 - Football

• Premier League

- FIFA World Cup
- UEFA Champions League
- FA Cup and Home Internationals
- UEFA Cup - Case Study
- Football League - Case Study

The clubs own the rights, but give the Premier League a mandate to license these rights centrally to potential buyers

Rights ownership and Premier League's role

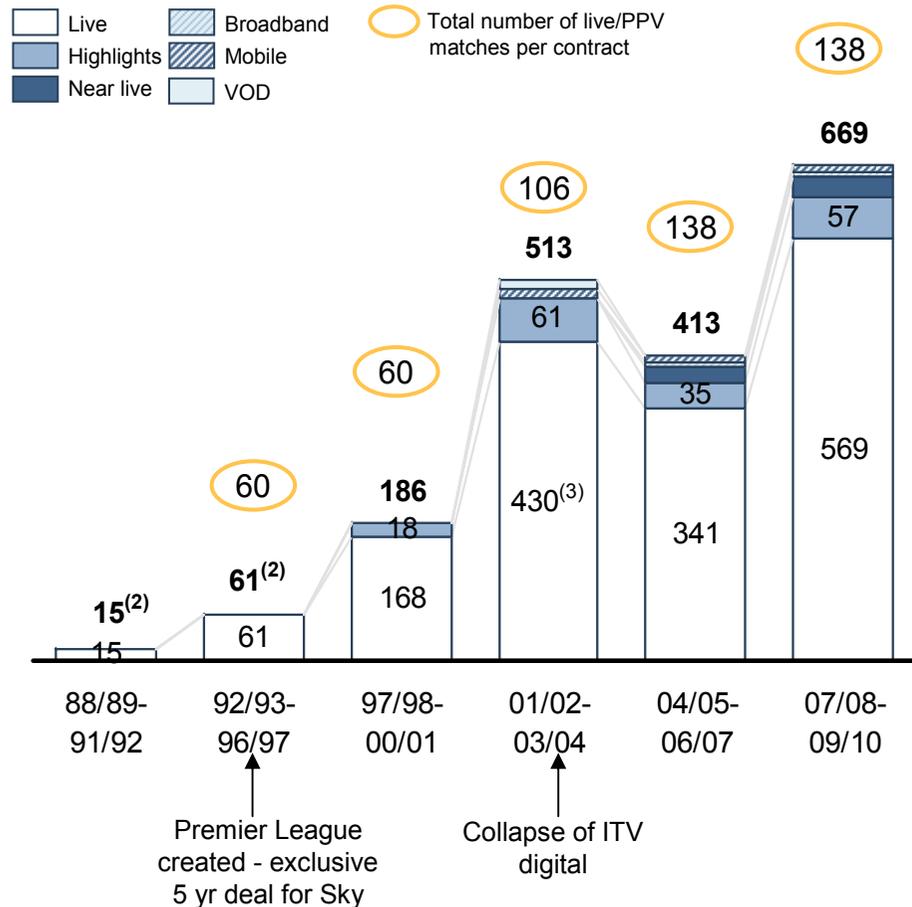


- The fundamental process governing the ownership and licensing of the rights has been in place since 1994 - it has changed only marginally since this time
 - the Premier League is a Company Limited by Guarantee whose shareholders are the Premier League clubs (changing every season)
 - the clubs are the owners of the rights but agree that the Premier League licenses their rights collectively
 - the rights ownership and licensing is governed by the Premier League constitution, any change in this needs to be approved by two thirds of the clubs
- Some of the rights are utilised directly by clubs
 - the club licence agreement defines which rights may be used
 - after midnight on the Sunday of the football weekend, the rights go back to the clubs to use on their own TV channels non-exclusively and after midnight on Monday, for use on their web sites
 - the clubs are not allowed to sell these rights to third parties

Source: Spectrum Value Partners analysis

Since 1992, the total value of Premier League domestic media rights has increased dramatically – recovering after a dip in 2004-07

Premier League UK rights value per season (£m)⁽¹⁾



- The Premier League was established in 1992/93, when the clubs broke away from the Football League – they could not agree how the TV revenues should be shared
 - the previous rights round, where ITV had acquired the rights, had been worth £15m p.a. (for highlights and occasional live games)
- In 1992/93-1996/97, Sky won the live rights for the first time – generating revenues for the Premier League of £61m per season
- During the 1990s, rights values grew rapidly, as Sky continued to invest heavily to secure exclusive rights (competing in the main against the BBC and ITV) and the number of matches shown live increased
- For 2001/2 to 2003/4, domestic rights value increased 176%, driven by new competition, an increased number of live matches and the introduction of new types of rights (negotiated in 2000)
- For 2004/05 to 2006/7, the overall value of rights declined by 19% (negotiated in 2003)
 - competition for the rights was reduced – ITV Digital had ceased operations (Mar 2002) and cable companies (NTL and Telewest) were encountering financial and operational difficulties
 - PPV not as successful as expected
- In 2006/07, the value of rights recovered, increasing by over 60%, to surpass the 2000/01 values
 - greater competition for rights facilitated by increase in number of live packages spurred a bidding war between Sky, Setanta and Virgin Media even though the EC had required the Premier League to sell live rights to more than one broadcaster

Notes: (1) These values do not include international rights; (2) Price includes live and highlights coverage; (3) Includes live PPV rights that were valued at £60m
 Source: Data '92 to '97 - SNL Kagan / Kagan Research; '97 to '01 - TV Sports Markets "Who Owns TV Sports Rights in the UK"; '01 to '10 - TV Sports Markets "World Football Leagues and TV Rights"

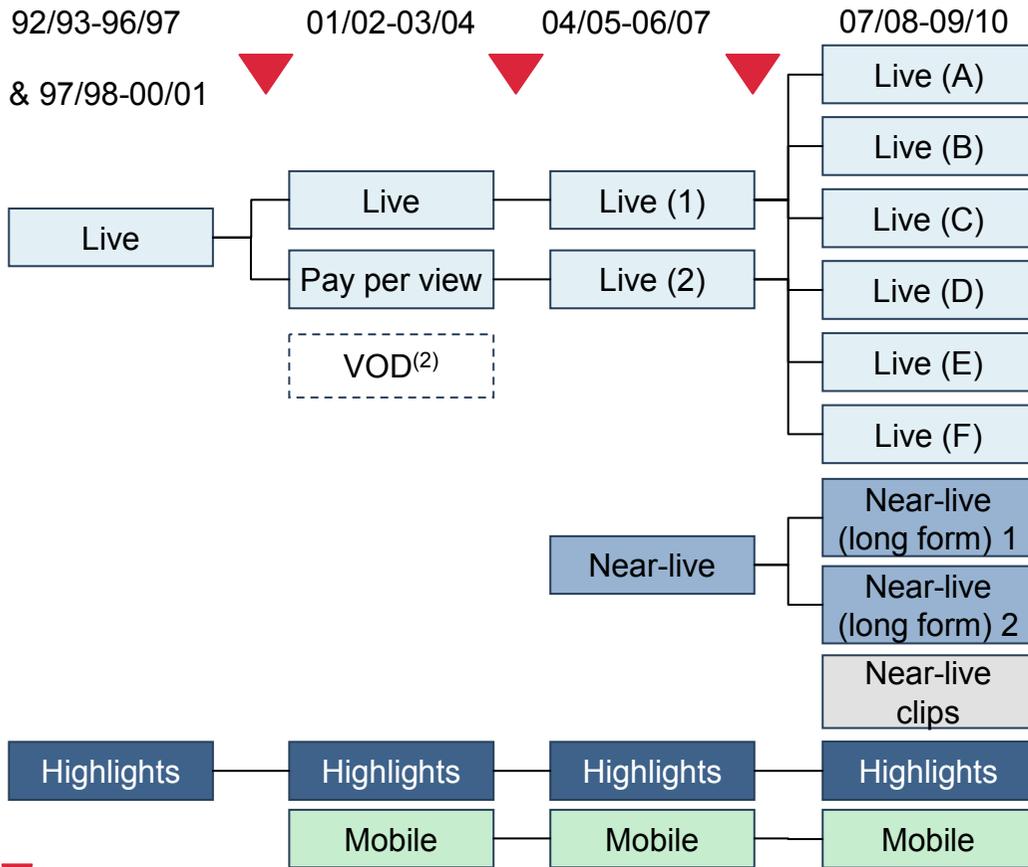
Between 1992/3 & 2006/7, Sky held all live rights but now shares them with Setanta - the BBC has had the highlights rights, except in 2001/04

Rights contract period	92/93-96/97	97/98-00/01	01/02-03/04	04/05-06/07	07/08-09/10
Live	 <ul style="list-style-type: none"> • 60 matches per season 	 <ul style="list-style-type: none"> • 60 matches per season 	 <ul style="list-style-type: none"> • 106 matches per season <ul style="list-style-type: none"> - 66 Sky Sports - 40 on PPV 	 <ul style="list-style-type: none"> • 138 matches per season <ul style="list-style-type: none"> - 88 on Sky Sports - 50 on Sky PPV 	 <ul style="list-style-type: none"> • 138 matches <ul style="list-style-type: none"> - 92 Sky - 46 Setanta
Highlights	 <ul style="list-style-type: none"> • <i>Match Of The Day</i> (Saturdays and Sunday evenings) 	 <ul style="list-style-type: none"> • <i>Match Of The Day</i> (Saturdays and Sunday evenings) 	 <ul style="list-style-type: none"> • ITV outbid the BBC • Experimented by showing <i>The Premiership</i> at 7pm 	 <ul style="list-style-type: none"> • BBC outbid ITV who had not managed to extract more value from moving to earlier time 	 <ul style="list-style-type: none"> • 63% up on previous deal – beating Channel 5 bid
Other	<ul style="list-style-type: none"> • n/a 	<ul style="list-style-type: none"> • n/a 	<ul style="list-style-type: none"> • PPV 40 matches: Sky, ONdigital, NTL, Telewest • VOD: Video Networks – ended Jan03⁽¹⁾ • Mobile: 3 – only used for one season⁽²⁾ • Delayed club TV and website 	<ul style="list-style-type: none"> • PPV: 50 matches: Sky • 'Near-live': Sky • Mobile: Vodafone / 3 • Internet: Sky • Delayed club TV and mobile 	<ul style="list-style-type: none"> • 'Near-live': Sky and BT • Mobile: Sky • Internet: NTL, beating competition from Sky • Delayed club TV, mobile and website

Note: (1) VideoNetworks experienced financial difficulty and could not continue payment of VOD rights (3) 3G network not completed until 2003
 Source: TV Sports Markets, SNL Kagan / Kagan Research, Press reports, Spectrum Value Partners analysis

The number of rights packages has increased over time – partly in response to regulatory pressure on the sales process

Premier League: evolution of rights packaging⁽¹⁾



Regulatory intervention

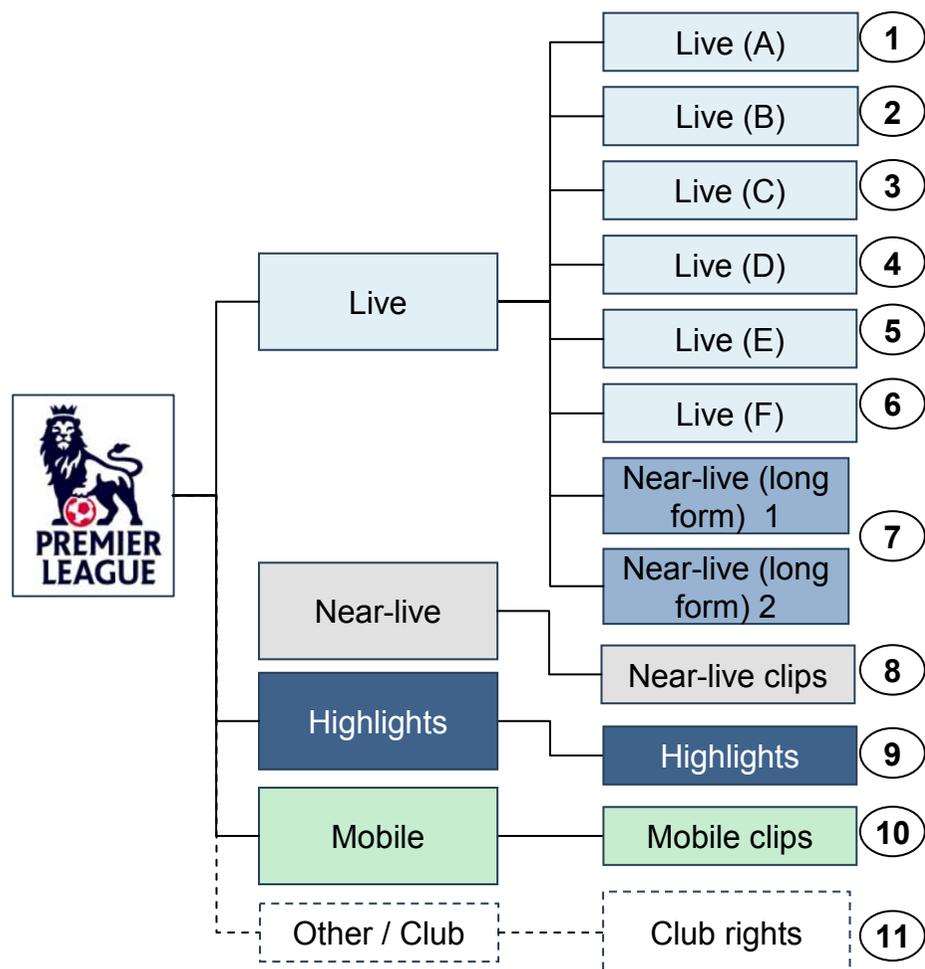
Note: (1) All rights (bar the mobile specific rights) were sold as platform neutral properties
 (2) Deal was scrapped in January 2003

Source: TV Sports Markets "World Football Leagues and TV Rights"; Spectrum Value Partners analysis

- In 1992, live and highlights rights were sold in two separate packages and Sky had exclusivity over all live matches
- In 1999, the OFT ruled that the Premier League was operating as cartel in conjunction with BSkyB and the BBC. On appeal, the Premier League won its case, arguing that the rights selling arrangements worked to the benefit of the sport as a whole and to consumers
- In 2002, the EC investigated the sales process and required the creation of four live packages arguing that four packages would give more broadcasters an opportunity to gain live rights
 - Sky bought all four packages prompting EC to intervene again – resulting in an eight match sublicensing deal
 - Sky was required to sub-license eight games per season to rival broadcasters, but their offers did not reach its reserve price and Sky, therefore, retained exclusive live rights for the period
- In 2005, the EC stepped in once again and reached an agreement with the Premier League for the next rights period:
 - six live packages
 - no broadcaster to win more than five

In the latest rights round (2007/8-2009/10), there were eleven packages – of six live packages, four went to Sky and two to Setanta

Premier League: current rights package structure



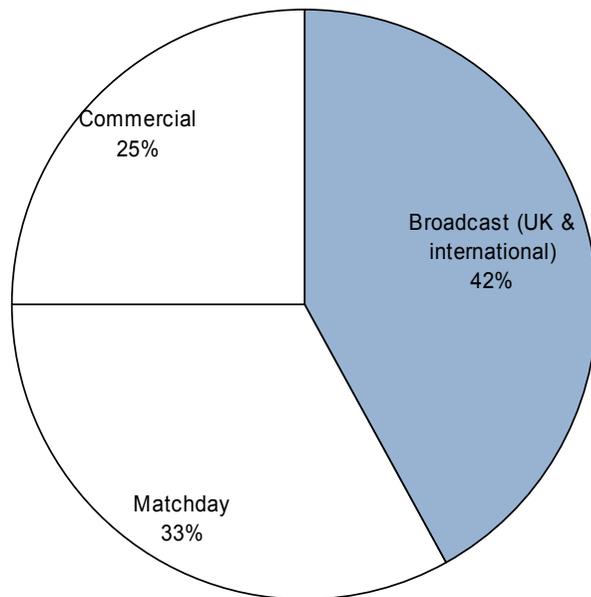
Details	Total matches	Rights owner	Fee paid pa
1. 23 first choice	23	BSkyB	£152m
2. 23 second choice	23	BSkyB	£84m
3. 23 third choice	23	Setanta	£65m
4. 8 second choice & 15 fourth choice	23	Setanta	£65m
5. 5 first, 9 third & 9 fourth choice	23	BSkyB	£84m
6. 10 first, 7 second and 6 third choice	23	BSkyB	£118m
7. Delayed coverage of matches not shown live	121	BSkyB	£14m
	121	BT	£14m
8. Delayed, on-demand clips	380	NTL	£5m
9. Highlights rights, Sat/Sun evenings	N/A – dependent on fixture list	BBC	£57m
10. Clips of all matches, incl eight in-game clips per match	380	News International / BSkyB	£10m
11. Club television, club website, club mobile	Each clubs matches	Individual clubs	none

Total = £669m

Source: TV Sports Markets "World Football Leagues and TV Rights"; Spectrum Value Partners analysis

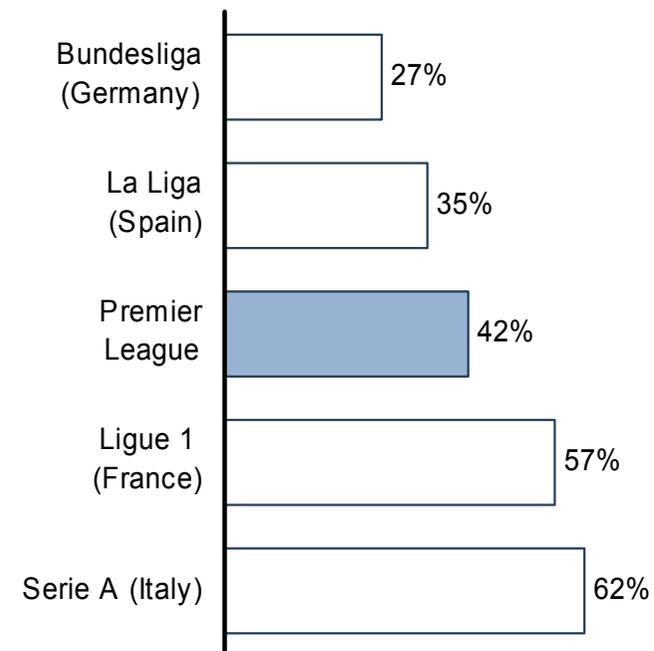
For Premier League clubs, broadcast rights represent their largest source of revenue - but the proportion is less than in some European markets

Premier League clubs average revenue breakdown 2005/6 (%)



- In 2006/07, Premier League clubs generated revenues of c£1.4bn
 - 42% from broadcast rights, 33% from match day revenues, 25% from “commercial” sources, e.g. sponsorship and merchandise

Broadcast share of total club revenue: top European leagues, 2005/6 (%)



- The Premier League earns a lower proportion of its revenues from media rights than the French and Italian leagues but higher than the Bundesliga in Germany and La Liga in Spain

Source: Annual Review of Football Finance 2007, Deloitte; Spectrum Value Partners analysis

Between 1998 and 2000, a number of broadcasters purchased equity stakes in major clubs, but most of these have since been sold

History of broadcasters' equity stakes in clubs

Broadcaster	Club	Stake	Date of purchase	Date of sale
	Man Utd	9.9%	1998	2003
	Leeds Utd	9.8%	1999	2007
	Sunderland	4.8%	1999	2005
	Chelsea	9.9%	2000	2003
	Man City	9.9%	1999	N/A
	Middlesbro'	5%	2000	2005
	Aston Villa	9.9%	2000	2003
	Newcastle	9.9%	1998/9	2003
	Leicester	9.9%	2000	2003
	Celtic	Partnership	2000	2003
	Glasgow Rangers	Partnership	2000	2003
	Arsenal	10%	1999/05	2007
	Liverpool	9.9%	1999	2007

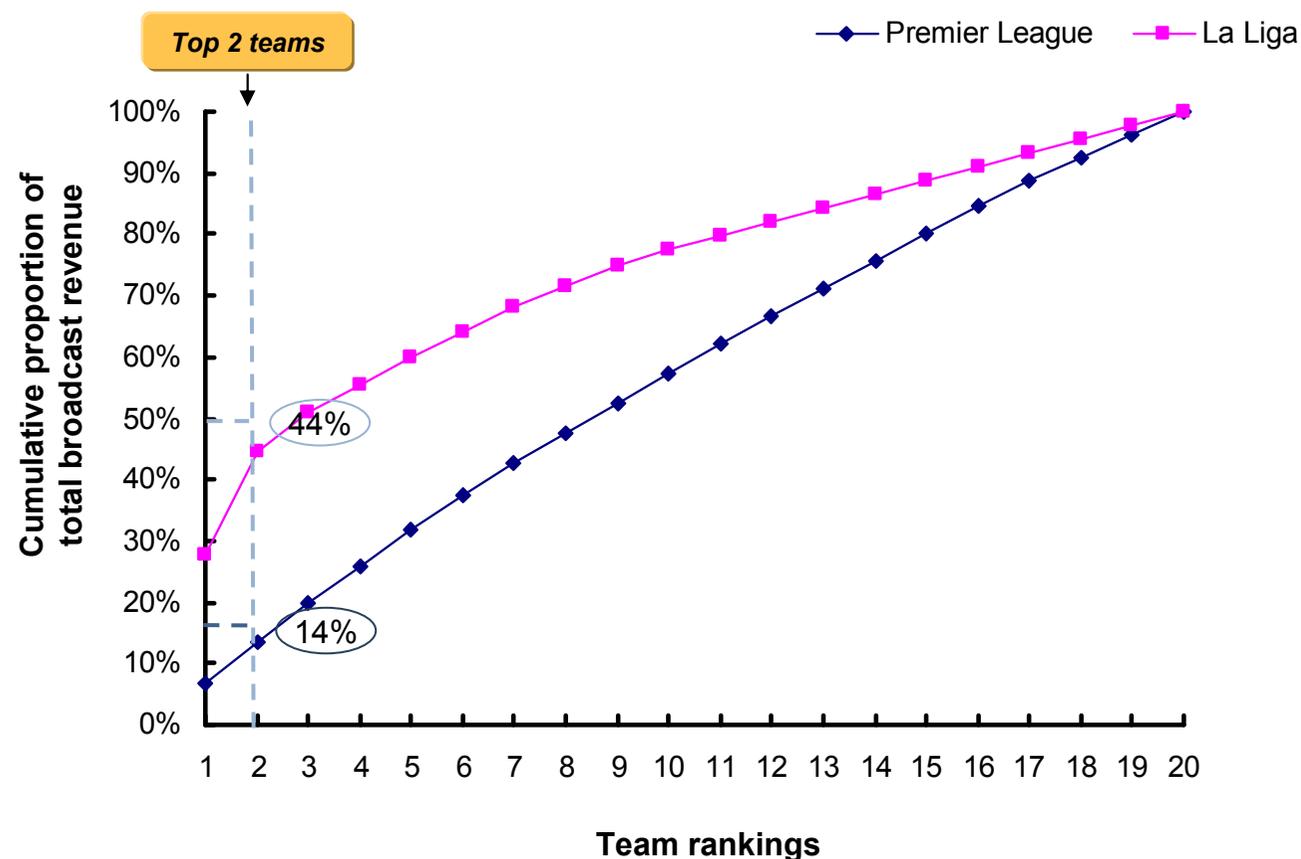
- In 1998-2000, several broadcasters bought equity stakes in major clubs – in an attempt to increase their influence over the allocation of TV rights
- In 2003, Sky tried to buy Man Utd for £623m when threatened by competition from ITV
- The deal was blocked by the DTI – following a referral to the Merger and Monopolies Commission
 - ruling that the takeover would have reduced competition for the broadcasting rights to Premier League matches
- The OFT ruled that no media company should be allowed to own over 10% stake in a football club
- Since that time, most media companies have sold their stakes⁽¹⁾, however, some joint venture/equity relationships remain
 - e.g. Sky/Granada's stake in MUTV, Sky's stake in Chelsea Digital Media Ltd.

Note: (1) NTL's subsidiary Premium TV (PTV) bought the rights to run all of the Premier League Club's websites. After the collapse of NTL in 2003, PTV negotiated to keep the rights to the websites and still runs some today

Source: Press reports, Spectrum Value Partners analysis

Collective selling of rights can accompany a more even distribution of rights revenues than when clubs pursue an individual model

Distribution of broadcast revenues as % total 2006/7 (cumulative)



- In the Premier League, rights are sold collectively and, in 2006/7 the top two clubs take 13.3% of broadcast rights revenues
 - the top club takes 6.9%, whilst the bottom club takes 3.6%
- In La Liga (Spain), where clubs sell their own rights, the top two clubs (Real Madrid and Barcelona) take 44.4% of broadcast rights revenues
- As a result, these two clubs, on average earn over seven times what each of the other clubs receive from broadcast rights
- The European Commission has endorsed collective selling for a number of reasons, including, because it helps to create a more even playing field for all the clubs

Source: Premier League annual report, TV Sports Markets, Spectrum Value Partners analysis

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Chapter 1 - Football

- Premier League

- **FIFA World Cup**

- UEFA Champions League

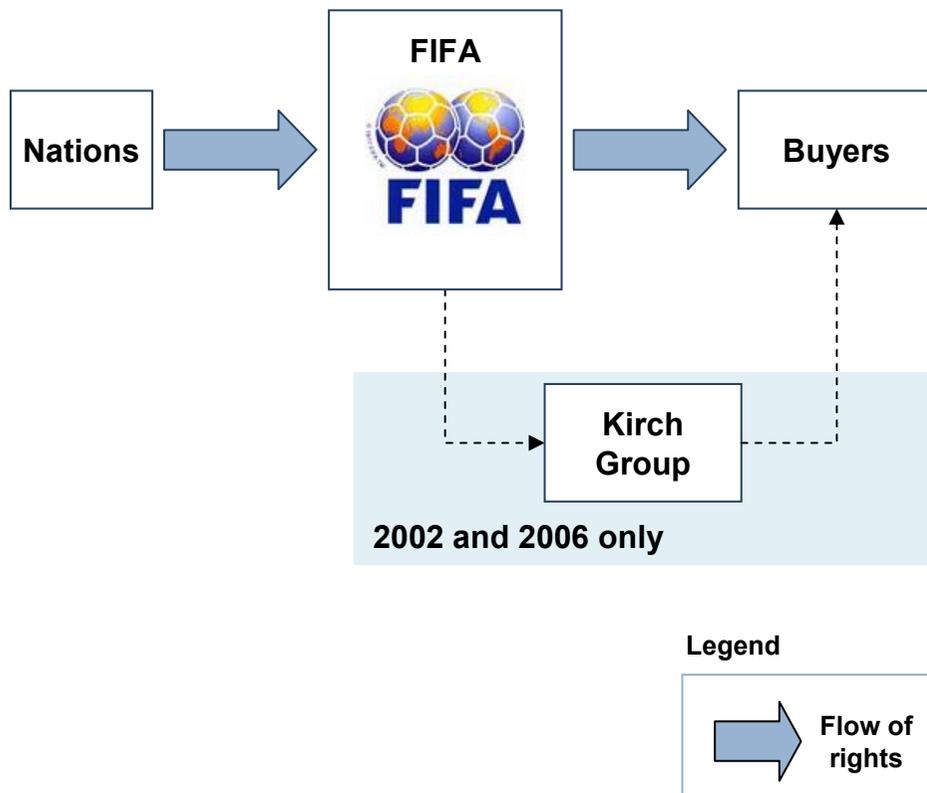
- FA Cup and Home Internationals

- UEFA Cup - Case Study

- Football League – Case Study

Currently, FIFA sells rights to the World Cup directly to broadcasters

Rights ownership and FIFA's role

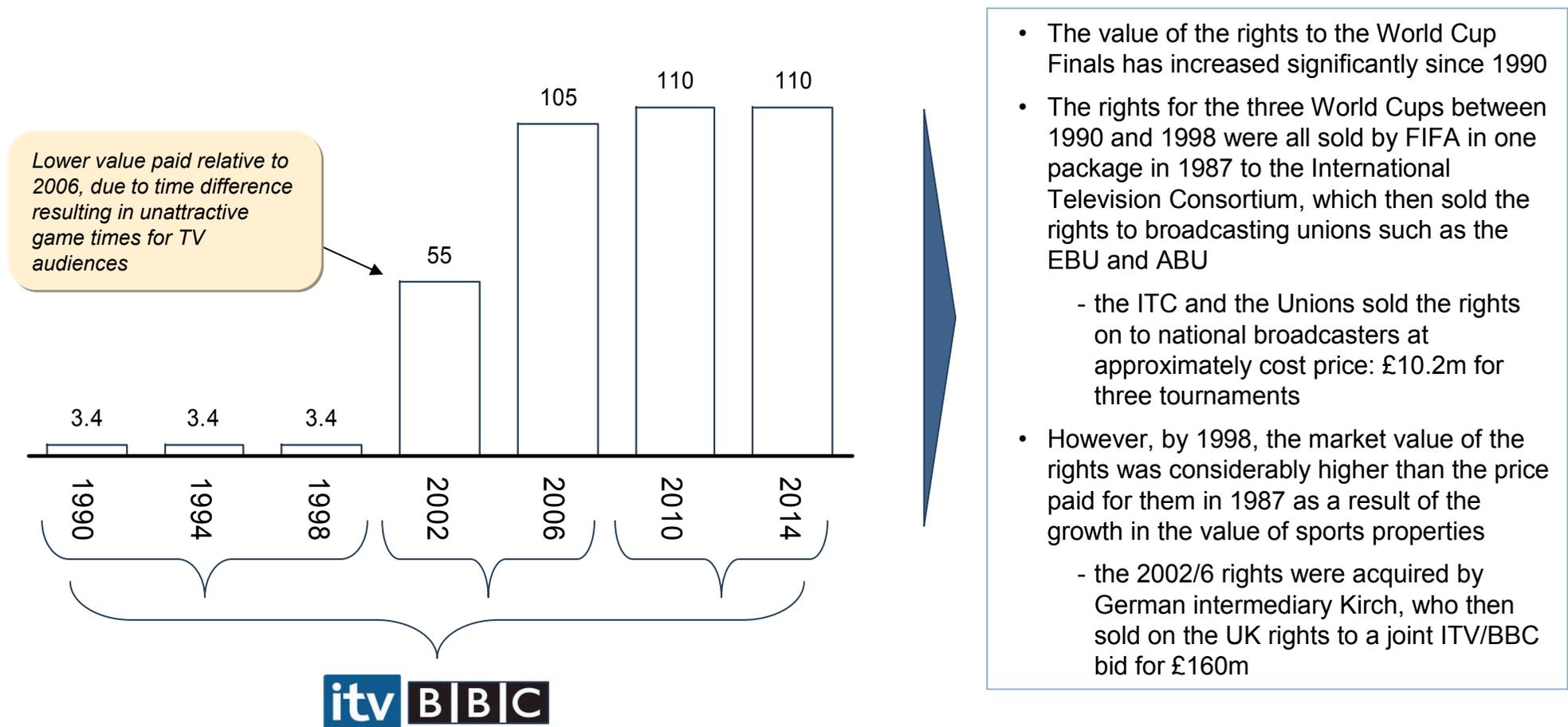


- Over the last 20 years, FIFA has sold rights to finals in groups of two or three tournaments
- It has experimented with using rights intermediaries to sell World Cup rights to broadcasters, - rights to 2002 and 2006 Finals – all rights sold to Kirch Group, who then brokered deals with broadcasters
- Currently, FIFA sells all the rights to the World Cup Finals directly to broadcasters

Source: Spectrum / Value Partners analysis

During the 1990s, as a result of a three tournament deal, rights values were static – before rising substantially from 2002 onwards

Rights to FIFA World Cup Finals value per tournament (£m)



Source: Sportcal; TV Sports Markets "European TV and Sports Rights 2006", Press reports; Spectrum Value Partners analysis

The BBC and ITV have always shared the rights to the FIFA World Cup Finals

Rights contract period

	1990/94/98	2002/06	2010/14
			
Tournament value⁽¹⁾	£3.4m per tournament (£10.2m three tournament deal)	£105m for Germany '06, £55m for Japan '02 (£160m two tournament deal)	£110 for each tournament (joint ITV/BBC bid)
Live and highlights	<ul style="list-style-type: none"> • All live games shared between the broadcasters <ul style="list-style-type: none"> - specifics of each tournament, i.e. who shows which games, including England games, are negotiated between the partnering broadcasters on a per tournament basis • Both broadcasters to show the Final 		

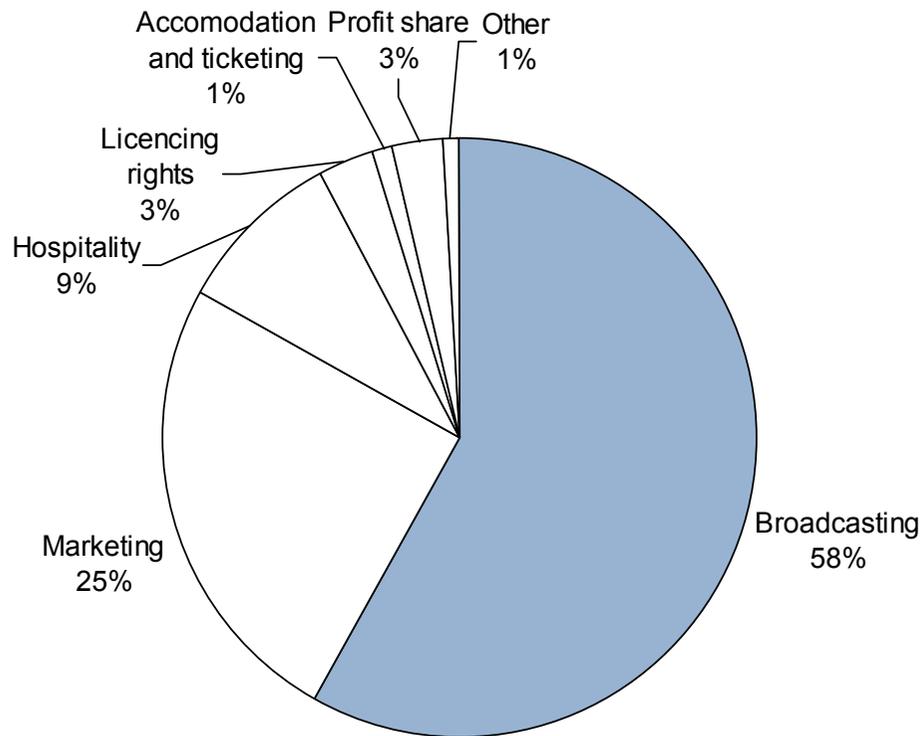
The FIFA World Cup Finals (all matches) is a Category A listed event meaning that pay TV has not been able to challenge FTA broadcasters the BBC and ITV

Category A listed events are those which cannot be broadcast live on an exclusive basis on channels with less than 95% coverage unless qualifying broadcasters have had a chance to acquire the rights on terms which match their resource

Note: (1) Assumes the amount paid for the rights is spread evenly across the number of years for which the rights were acquired
 Source: TV Sports Markets, SNL Kagan / Kagan Research, Press reports, Spectrum Value Partners analysis

Over half of FIFA's revenues from the 2006 World Cup came from the sale of broadcast rights

2006 FIFA World Cup Revenue Total = €1.8bn

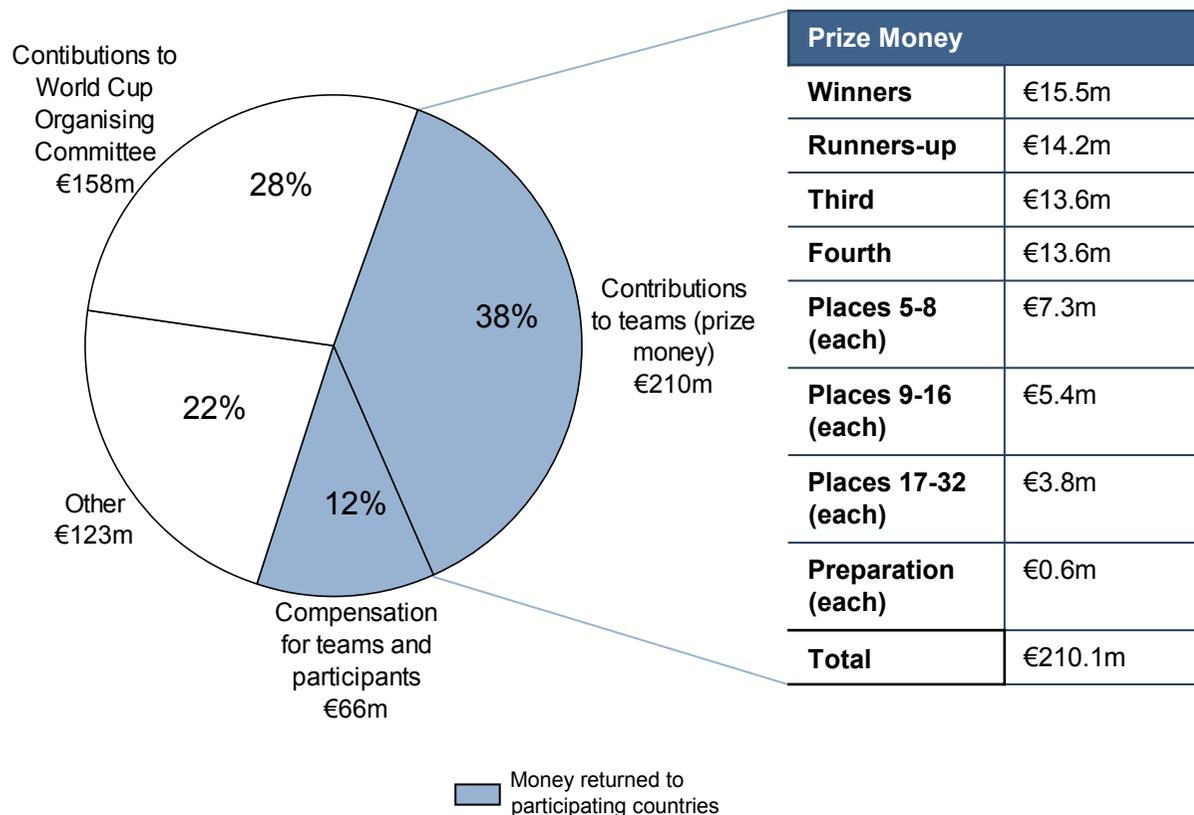


- FIFA received 88% of its total revenue for 2003-2006 from the 2006 World Cup, this amounted to €1.8bn
 - the remaining revenue came from other events (4%), other operating income (4%) and financial income (4%)
- Broadcasting rights were the largest source of World Cup revenue by far –58% of total revenue (€1.05bn)
 - 45% of broadcasting revenues came from Europe, 11% from the USA and 44% from the Rest of the World
- Marketing rights, including sponsorship payments from FIFA's 15 Official Partners accounted for 25% (€450m) of World Cup income in 2006
- The remaining revenues came from the sale of VIP packages, product licensing, ticketing and FIFA's share of the €99m profit made by the 2006 World Cup made

Note: All Euro figures converted from Swiss Francs. Exchange rate used CHF1.58 = €1 [2006 average rate, taken from FIFA Financial Report 2006]
Source: FIFA Financial Report 2006

FIFA spent only 31% of its revenue from the 2006 World Cup on the tournament itself – only 15% of the tournament revenue flowed back to participating teams

2006 FIFA World Cup Expenses (€m) Total = €558m



- The World Cup accounts for about one third of FIFA's expenses (36% in 2003-06), with the remainder going to other events⁽³⁾ and development programs
- Of the €558m that FIFA spent on the 2006 World Cup, 50% (€280m) was returned to the countries taking part in the tournament
 - 36% (€210m) as prize money, with each team receiving a minimum of €4.4m
 - 12% (€70m) in compensation for expenses

Note: (1) Includes information technology, rights protection, insurance expenses, referees, fifaworldcup.com, fan-related expenses and other expenses
 (2) Includes travel and accommodation costs
 (3) FIFA organises several events across the four-year World Cup cycle including the Women's World Cup and the Confederations Cup

Source: FIFA Financial Report, 2006

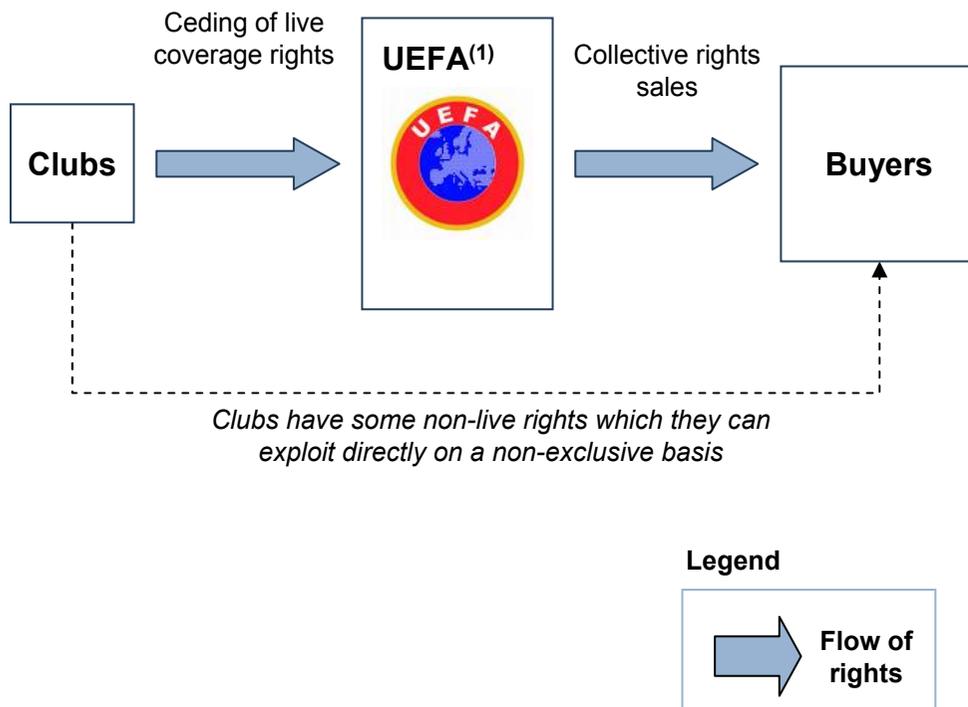
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Clubs cede live rights to UEFA; 'secondary' rights are jointly sold by UEFA and individual clubs

Rights ownership and UEFA's role

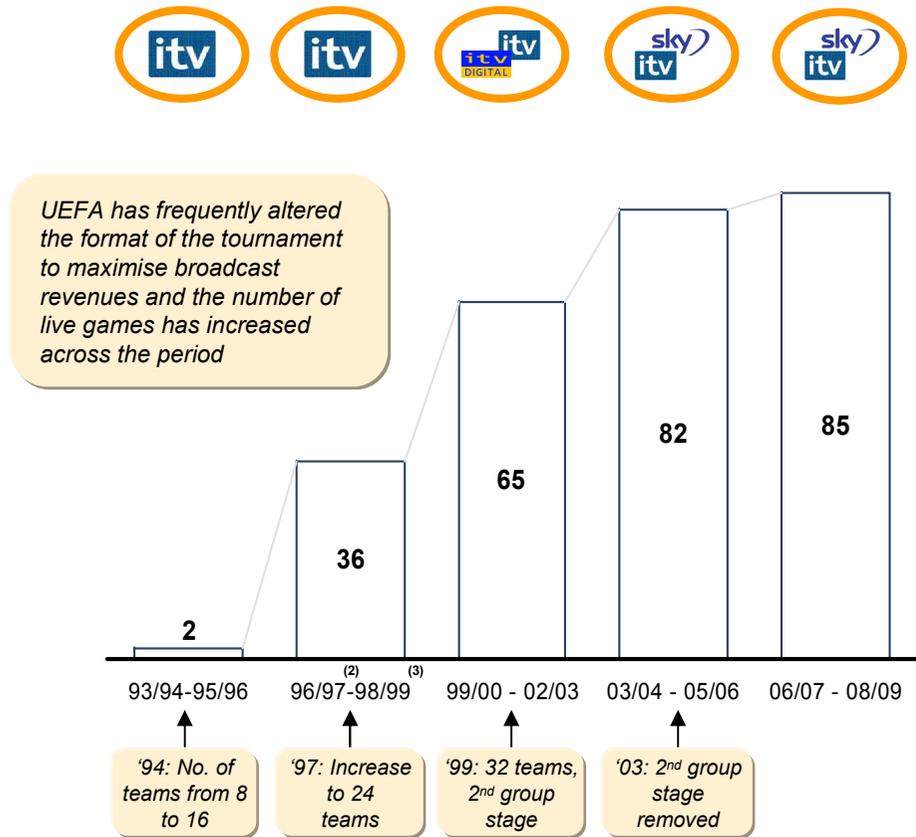


- UEFA centrally markets the rights to live TV transmission (by far the most valuable rights)
 - UEFA has full control over production
 - UEFA controls the sponsorship rights instead of the clubs or the broadcasters
- From the 2003/4 season, UEFA and the EC reached an agreement preventing the possibility of UEFA from 'hoarding' rights.
 - every game has to be made available for purchase in each country
 - if UEFA fails to sell the rights, they go back to the clubs
- This agreement gave clubs greater access to 'secondary' (less valuable) rights:
 - Delayed club games (TV)
 - Archive footage
 - Wireless near-live clips
 - Internet rights (revenue-share system with UEFA)
 - Radio coverage of live games
 - Internet audio coverage of live games

Notes (1) Rights sold on behalf of UEFA by T.E.A.M marketing agency
Source: Spectrum Value Partners analysis

Since 1993, the value of UEFA Champions League rights in the UK has increased significantly

UEFA Champions League, UK rights value per season (£m)⁽¹⁾



- The Champions League was formed out of the old European Cup as a result of a breakaway threat by a number of Europe’s top flight teams
- Premium football rights have increased in value considerably since the introduction of pay-tv. With its attraction of Europe’s leading clubs and players, the Champions League has been at the forefront of this increase, attracting large TV audiences
- English clubs have featured prominently in the tournament, providing large TV audiences
- Group games involving English clubs typically win audiences of over 4 million on FTA TV (ITV) while semi-finals tend to be watched by over 9 million⁽⁴⁾ ensuring that the CL is the most watched sporting event almost every week that games are played
 - there are usually 4-5 British clubs in the group stage each year
 - there have been 9 semi-finals and 4 finals involving English clubs since 1993
 - 1999: 19m watched Manchester United win the CL on ITV
 - 2005: 16.1m watched Liverpool win the CL split between ITV and Sky
- Competition between broadcasters to secure the rights and capture these audiences has been fierce. (e.g. aggressive bidding by the BBC for the 2003/04 rights forced up the price of UK rights at a time when the value in other European markets had depreciated)

Notes: (1) Live and highlights rights (2) We have used the Kagan World Media source which states that the rights period was scheduled to run from 96/7 to 99/00, although it actually ran to 1998-9 (see note 3). Alternative source (TV Sports Markets) states that the rights period ran from 97/98 to 99/00 (3) Rights deal was scheduled to run to 1999/00 but was cut short due to UEFA’s changing of the 1999/00 Champions League format; (4) Figures do not include viewers watching in pubs

Source: TV Sports Markets “European TV and Sports Rights 2006” and “Who Owns TV Sports Rights in the UK”, Press reports; SNL Kagan / Kagan Research; Spectrum Value Partners analysis

UEFA sells its TV rights in packages. In the UK (as in most countries) the rights are sold as two customised bundles by matchday and broadcaster type

Main broadcast rights packages sold by UEFA



Live	<ul style="list-style-type: none"> • 1st and 2nd choice matches on Tuesdays (combination of Gold and Silver package) • One on its terrestrial channel, ITV1, the other on its digital channel ITV4 • Shared coverage of the final 	<ul style="list-style-type: none"> • All remaining Tuesday matches • Exclusive coverage of all Wednesday evening matches (combination of Gold, Silver and Bronze package) • choice of any game is available through interactive facility.) • Shared coverage of the final
Highlights	<ul style="list-style-type: none"> • ITV has highlight rights to the games that it shows live 	<ul style="list-style-type: none"> • Sky has highlight rights to the games that it shows live
New media	<ul style="list-style-type: none"> • Obligated to show all its matches simultaneously on the internet 	<ul style="list-style-type: none"> • Obligated to show all its matches simultaneously on the internet

In practice, UEFA breaks down the main packages into smaller in order to produce country-specific packages to suit broadcasters

Source: TV Sports Markets "European TV and Sports Rights 2006", Spectrum analysis

UEFA has agreed with the European Commission to sell its rights to more than one broadcaster in each country

Pre 2003: Joint selling on an exclusive basis

- Prior to the 2003/04 season, UEFA sold the entire Champions League rights on an exclusive basis to a single broadcaster in each country for long periods of time. In the UK, ITV had exclusive broadcast rights since 1993
- In 2002, the European Commission determined that this policy was “highly anti-competitive” because, they claimed, it:
 - stifled competition
 - prevented all available matches from being shown on television (‘hoarding’ of rights)
 - denied internet and phone operators any access to the rights
- As a result of the Commission’s objections, UEFA agreed a new joint selling agreement, starting with the 2003/04 season

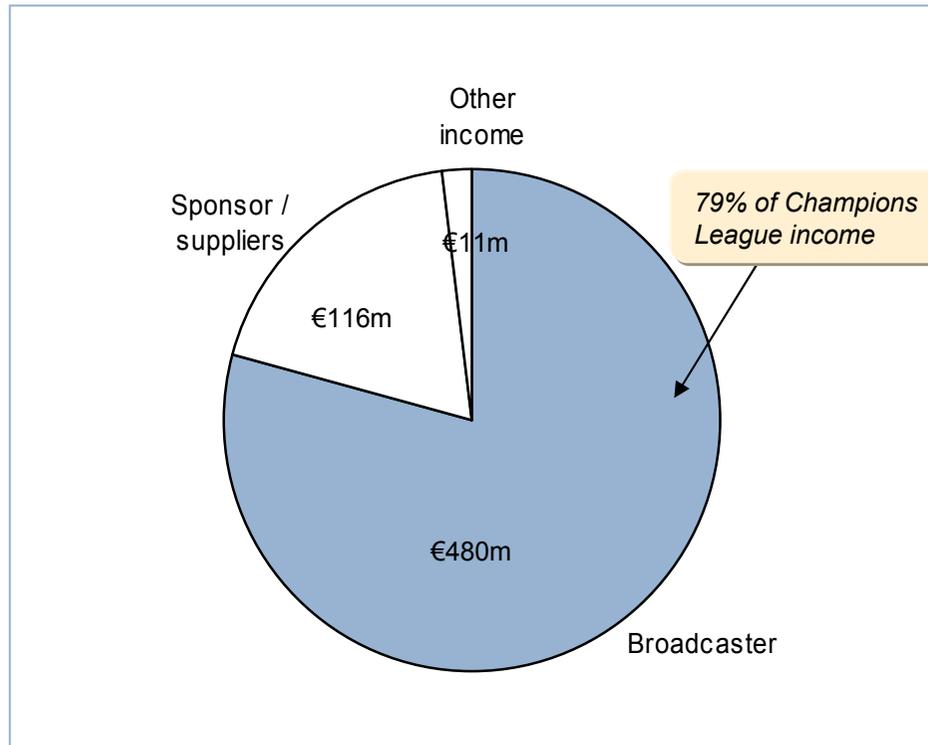
Post 2003: Joint-selling to multiple broadcasters and release of secondary rights to clubs

- Since 2003, the rights have been sold in smaller packages to at least two broadcasters in each country
- UEFA will not sell the rights for a period longer than three years and will do so through a public tender procedure allowing all broadcasters to put in bids
- Generally the TV rights are split between free-to-air and pay TV channels, more or less evenly between the two broadcasters. In most territories, they are also split by days of the week (Champions League games are played on Tuesday and Wednesday evenings)
- The new rights also, for the first time, gave clubs the right to exploit TV rights on a deferred basis and to use archive content, thus providing their fans with a better and more varied offer
- The new joint selling system afforded opportunities to new media operators, as both UEFA and individual clubs are able to offer Champions League content to internet and mobile operators; e.g. in the current rights agreement, the broadcasters are obliged to show their broadcast matches simultaneously on the internet

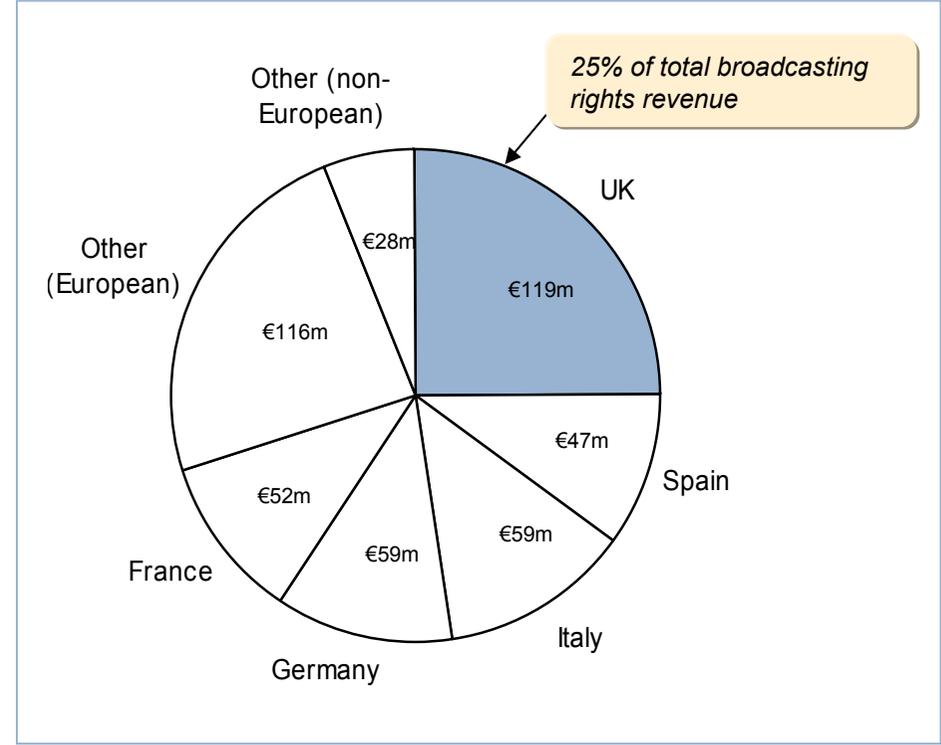
Source: The Guardian, Europa.eu

Broadcast accounts for 79% of Champions League revenue. UK broadcast revenues are the largest single source of CL income

Source of Champions League revenues 05/06 (€m)



Broadcasting revenue split by country 05/06 (€m)

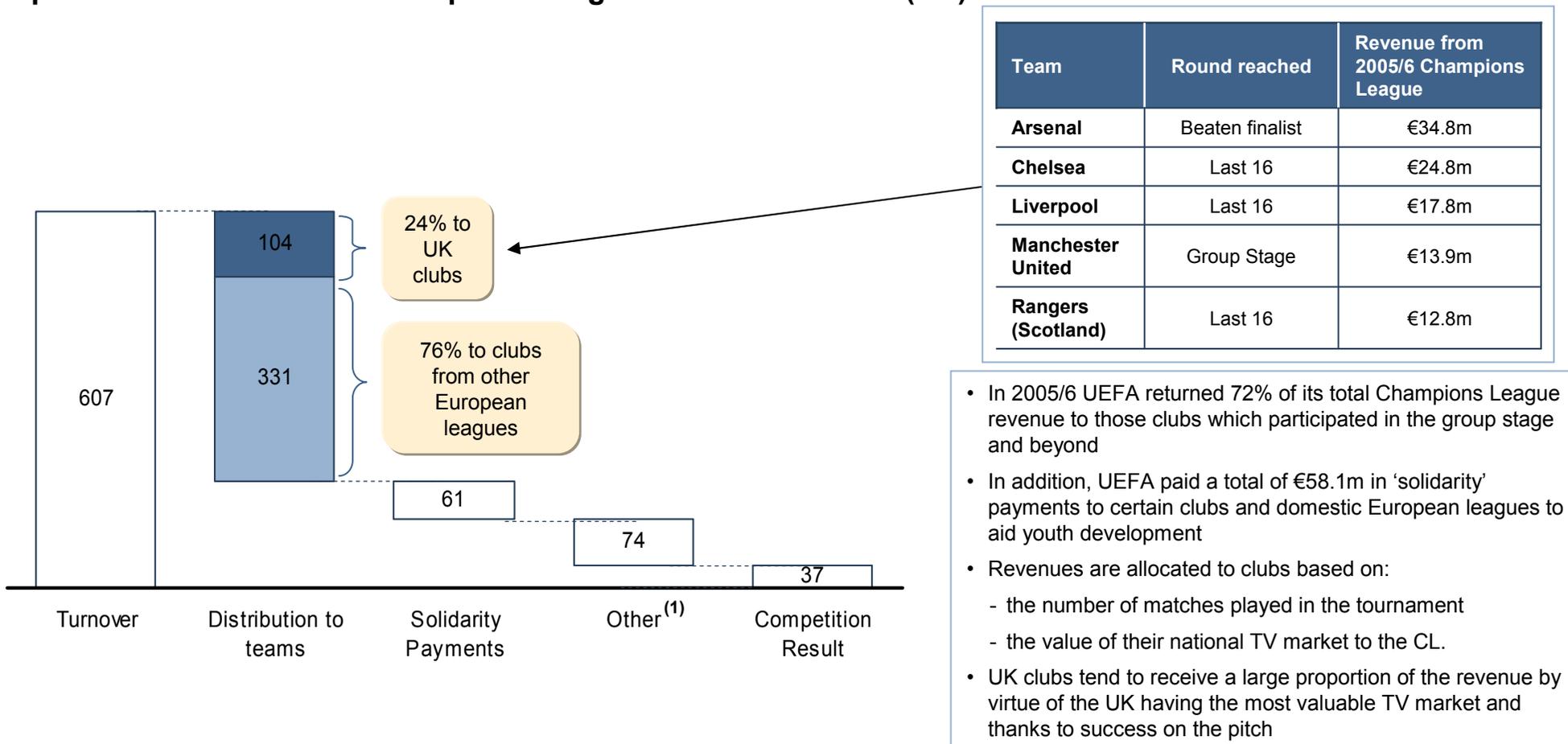


- Note: (1) Includes New Media rights, Ticketing share from final and Other Income;
 (2) Exchange rates: CHF:Euro = 1.56 [UEFA –2005/6 average], Euro:GBP = 1.45 (Rights were sold in 2003, exchange rate is 2003 average [oanda.com])
 UEFA Financial Report 2005/6)

Source: TV Sports Markets “European TV and Sports Rights 2006”, Spectrum Value Partners analysis

The Champions League distributes the vast majority of its revenues back to the clubs. UK clubs tend to take a big percentage of this

Upstream distribution of Champions League revenues 2005/06 (€m)

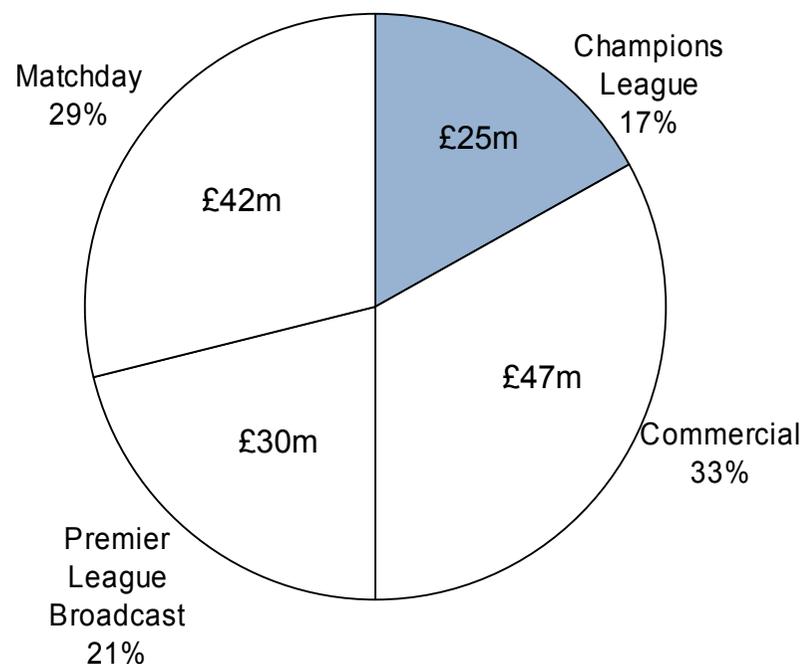


Notes: (1) Includes New Media costs €13.8m; Direct event expenses: €54.6m; Other: €5.4m; Exchange rate: CHF:Euro = 1.56 [UEFA –2005/6 average]

Source: UEFA Financial Report 2005/6, Annual Review of Football Finance 2007, Deloitte

Participation in the Champions League is a vital source of revenue for the leading English clubs

Average revenue breakdown, 'Big Four'⁽¹⁾ English Clubs, 2005/6 (£m/%)



- Participation and success in the Champions League is enormously valuable to the leading British clubs
- The commercial benefits from the Champions League are manifest in a number of ways:
 - **Direct income**
 - Ticket sales from Champions League matches
 - Share of broadcasting revenue
 - **Indirect income**
 - Increased international exposure through Champions League TV audiences resulting in increased sponsorship, commercial sales, etc

Notes: (1) "Big Four" – Liverpool, Arsenal, Chelsea, Manchester United; (2) 'Champions League' revenue includes broadcast revenue and an estimate of incremental gate receipts
Source: Annual Review of Football Finance 2007, Deloitte

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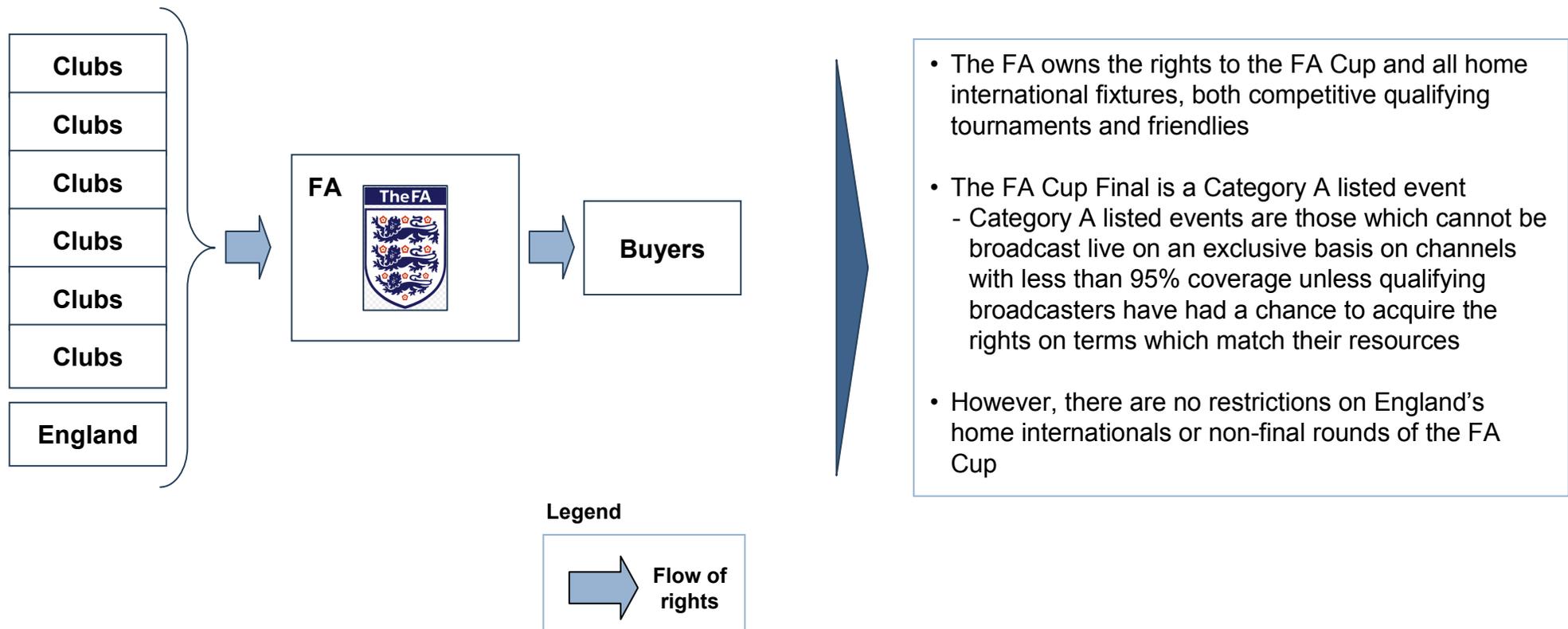
- Premier League
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• FA Cup and Home Internationals

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The FA is the sole owner of the rights to the FA Cup and home England internationals

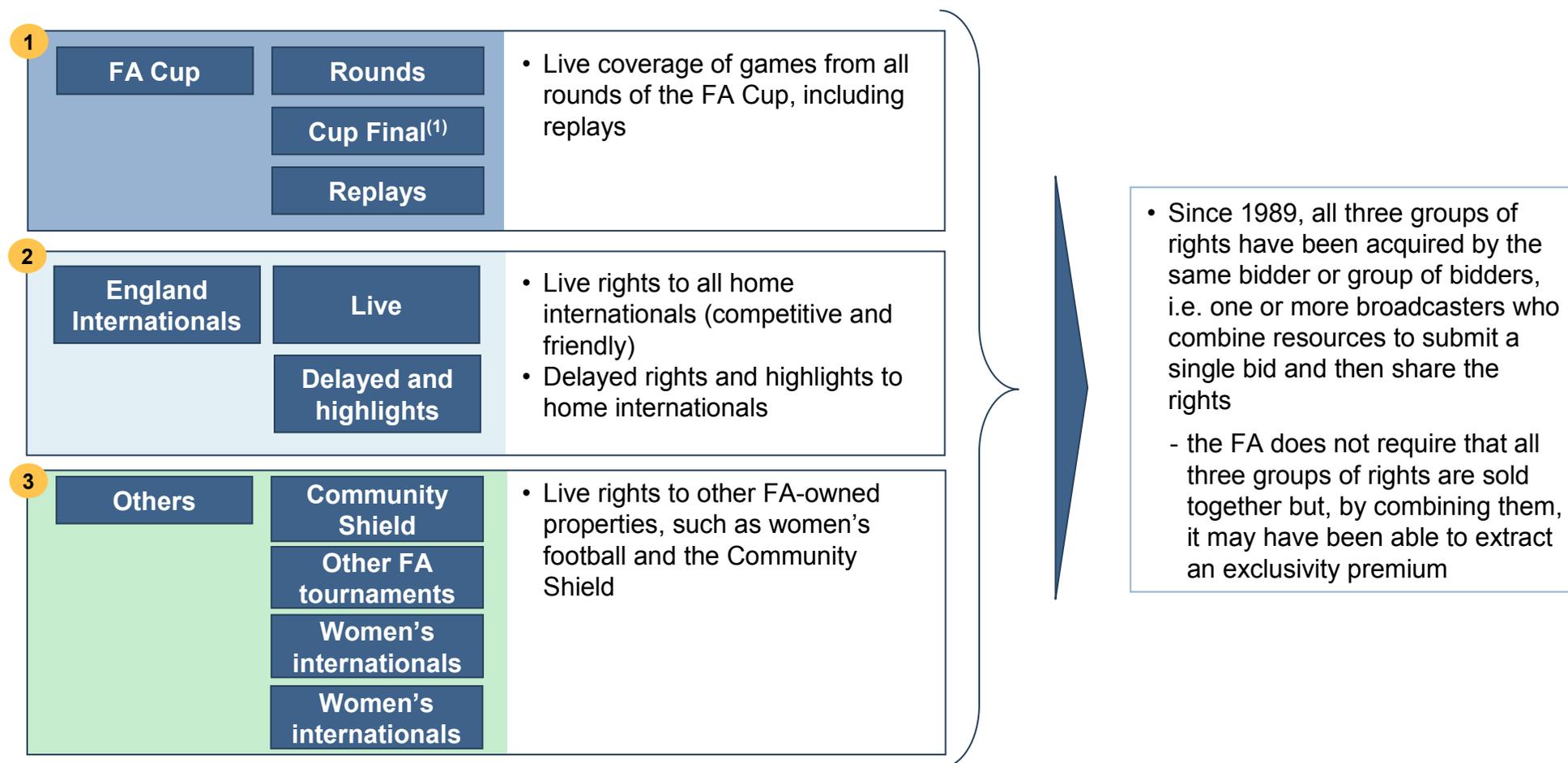
Rights ownership



Source: Sportcal; Spectrum Value Partners analysis, FA website

The FA holds three broad groups of rights: the FA Cup, England home internationals, and “other” FA led events

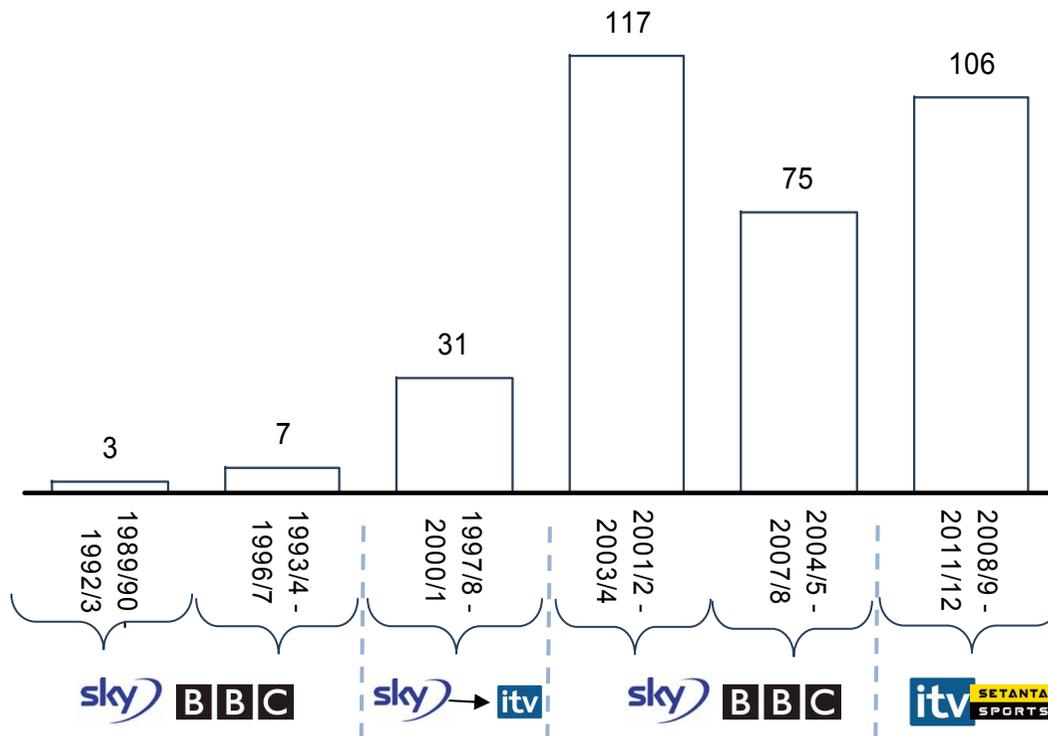
Packaging of rights for the FA Cup and England internationals



Note: (1) Category A listed event
Source: TV Sports Markets “European TV and Sports Rights 2006”

Since 1997, the value of the FA’s media rights has tripled, driven by competition for the properties between various pay/FTA broadcasters

Rights to FA Cup and England Internationals value per annum (£m)⁽¹⁾



- The FA sells its properties for periods of 3-4 years
- Since 1990, the annual value of the rights (total value of the deal divided by the contract length) has increased significantly
 - however, when renewing their rights deal for 2004/5-2007/8, Sky and the BBC together paid less than they had done for the previous term
 - this is similar to the fall in value experienced by the Premier League for the 2004/5-2007/8 set of rights
- In 2007, increased competition from emerging broadcaster Setanta and its FTA bid partner ITV pushed the value of the rights up by over 40% to over £100m per year

Note: (1) Note that the number of games available changes across each rights round – generally increasing across the period
 (2) This is the sub-licence value that ITV paid Sky for international highlights and a share of the FA Cup games, the amount paid by Sky to the FA is unknown
 (3) Sky and BBC simulatneously broadcast international games for the first time, possibly inflating the rights value more than would be expected

Source: FA.com, Sportcal; TV Sports Markets “European TV and Sports Rights 2006”, Press reports; Spectrum Value Partners analysis

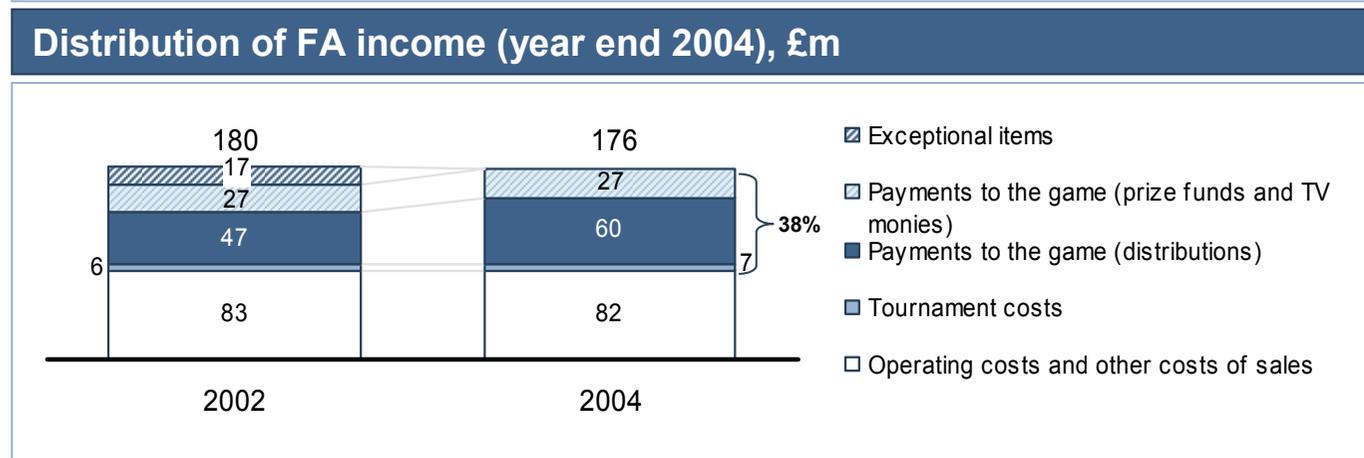
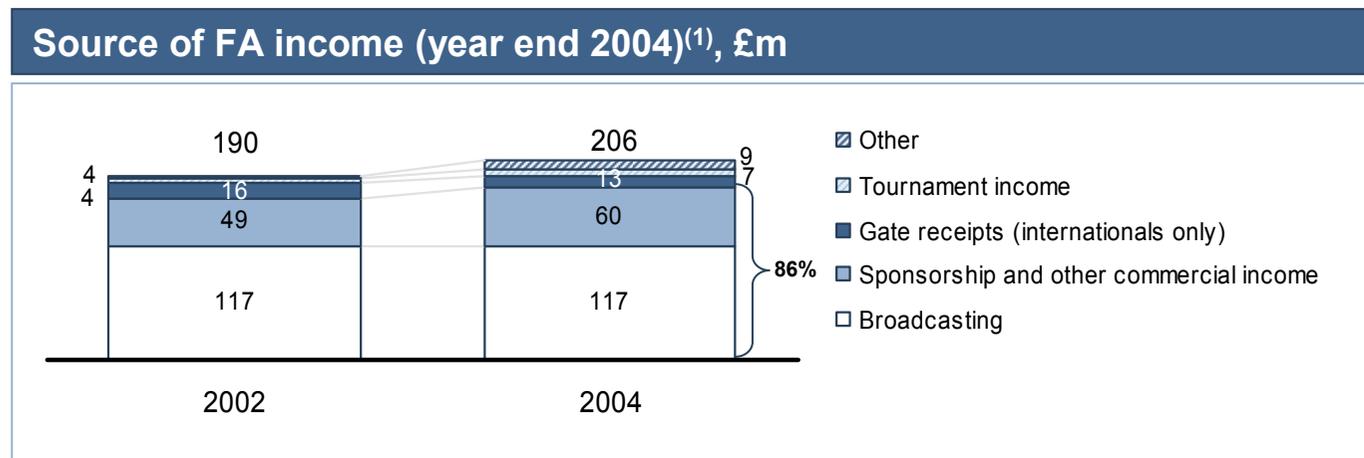
Since 1997, free-to-air and pay TV operators have shared the live rights to both the FA Cup and England internationals in various arrangements

Rights contract period

	1989/90-1992/3	1993/4-1996/7	1997/8-2000/1	2001/2-2003/4	2004/5-2007/8	2008/9-2011/12
						
Annual value⁽¹⁾	<ul style="list-style-type: none"> £3m [split unknown] 	<ul style="list-style-type: none"> £7m [BBC pays £2.3m per year, Sky pays £4.7m] 	<ul style="list-style-type: none"> NA (£31.3m sub-licensed) [amount Sky pay to the FA unknown] 	<ul style="list-style-type: none"> £117m [split of fees undisclosed] 	<ul style="list-style-type: none"> £75m [BBC paying the “bulk” of the fees] 	<ul style="list-style-type: none"> £106m [ITV pays £69m/year, Setanta £37.5m]
FA Cup	<ul style="list-style-type: none"> NA 	<ul style="list-style-type: none"> NA 	<ul style="list-style-type: none"> Sky broadcasts live coverage of one game and one replay from each round ITV sub-licenses live coverage of semi, final and one Sunday match from Rounds 3-6 	<ul style="list-style-type: none"> BBC and Sky share early round games, Sky taking more of the early round games with the BBC getting first and fourth pick of the ties from Round 3 onwards Both show the final 	<ul style="list-style-type: none"> BBC and Sky share early round games with the BBC getting to pick its preferred fixture of the round Both show the final 	<ul style="list-style-type: none"> Setanta - 17 out of 31 televised games. Extended VoD on Saturday evening ITV: remaining 14 out of 31 games including shared final and Saturday evening highlights
International games	<ul style="list-style-type: none"> NA 	<ul style="list-style-type: none"> NA 	<ul style="list-style-type: none"> Sky show all England’s home Internationals (competitive and friendly) ITV broadcasts highlights of all internationals 	<ul style="list-style-type: none"> Sky and the BBC broadcast live all England’s competitive home internationals simultaneously Sky has exclusive rights to friendlies 	<ul style="list-style-type: none"> BBC: exclusive live rights of all England home international (competitive and friendly) Sky: delayed and highlight rights 	<ul style="list-style-type: none"> Setanta: eight home friendlies across four years, VoD highlights of other games ITV: competitive home fixtures and remaining home friendlies

Note: (1) Assumes the amount paid for the rights is spread evenly across the number of years for which the rights were acquired
 Source: TV Sports Markets, SNL Kagan / Kagan Research, Press reports, Spectrum Value Partners analysis

86% of the FA's revenue comes from broadcasting, sponsorship and commercial sources



- In 2004, the FA had a revenue of £206m
 - the bulk of the FA's revenues, 86%, came from broadcasting, sponsorship and other commercial sources
- Of the FA's £176m outgoings in the same year, 38% was payments to the game, i.e. reallocation of funds back to the clubs
 - during this period, the FA contributed a significant amount of the £757m spent building the new Wembley stadium. This investment also represents a payment "to the game"

(1) The 2004/5 Annual report (containing year end 2004 data) is the latest report to be published by the FA. According to the FA, the 2005/6 report will be published and available online by the end of 2007
 Note: of 2007
 Source: 2004/5 Annual Report

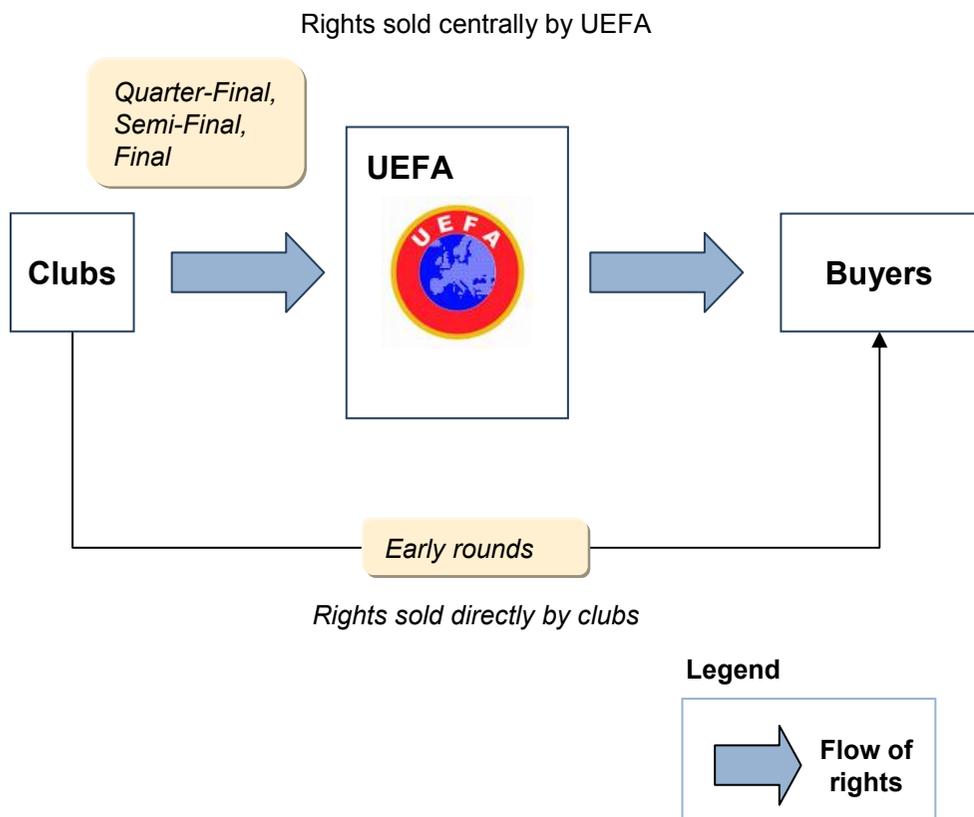
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UEFA owns the rights from the quarter-finals onwards, but rights to the early rounds of the UEFA Cup are owned by the clubs

Selling of UEFA Cup rights



- Prior to 2006/7, UEFA controlled the TV and commercial rights to the final only
- In the current deal (2006/7 to 2008/9), UEFA owns TV and commercial rights for the quarter-final stage onwards
- ITV is reported to be paying £25 million over three years (£8.3m per season)¹ for the current deal including quarter-finals, semi-finals, final and UEFA Super Cup

- TV and commercial rights before the quarter-finals are owned by the home clubs
- Some clubs agree a deal with one broadcaster for all their home games – some sell rights to each game separately
- Rights to broadcast away games involving British clubs are bought from the home team.
- Smaller broadcasters who cannot afford season-long rights deals have an opportunity to show live football, e.g.:
 - Five's coverage of all Everton and some Bolton games (2007/8)
 - Eurosport's coverage of some Blackburn games (2006/7)
- In some cases, where a fee cannot be agreed, games may not be broadcast in the UK
 - e.g. 2007/8: FC Rabotnicki (Macedonia) vs. Bolton

Notes: (1) The Guardian
Source: Press reports, Spectrum Value Partners analysis

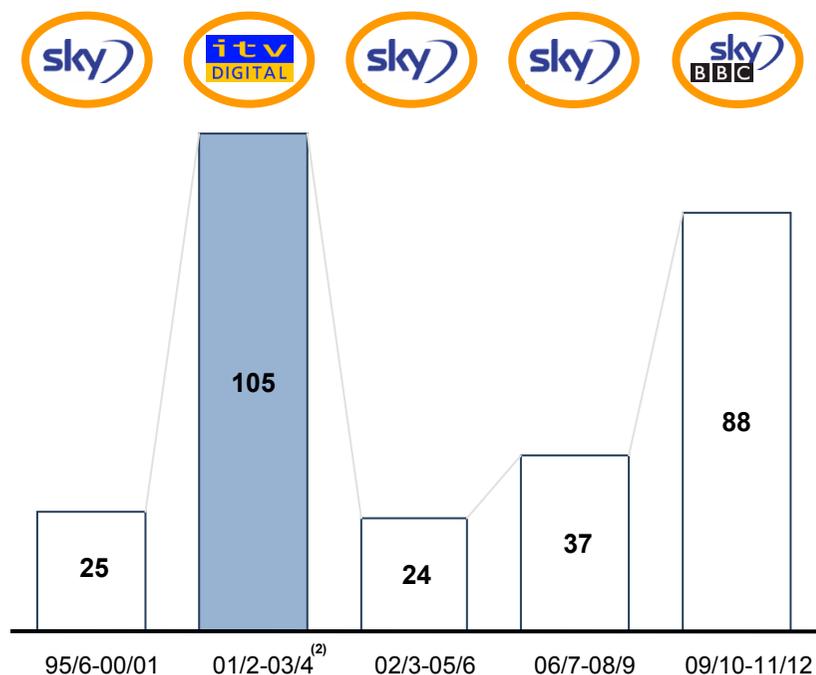
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In 2001/02, the Football League achieved a fourfold increased in the value of its rights - however, when ITV Digital failed, 57% of this revenue remained unpaid

Football League, UK live rights value per season (£m)⁽¹⁾



- In 2000, ONdigital (later re-branded as ITV Digital) paid £315m (£105m p.a.) to acquire the rights to the Football League for 2001/02 to 2003/4 – a fourfold increase on the previous rights period
- However ITV Digital struggled to achieve its targets (only 1.3m subscribers in February 2002 compared to 5.7 million for Sky) and went into administration in March 2002
- The administrators offered the Football League £74m for a renegotiated three-year deal –the League rejected this offer
- ITV Digital ceased broadcasting in May 2002 leaving two years of the three year deal unpaid – £178m of the original £315m deal was still owed to the Football League
- Rights were returned to the Football League and were then acquired by Sky for less than 25% of the amount paid by ITV Digital

Notes: (1) All deals are for live rights only (i.e. not highlights) to the Football League and also include rights to the League Cup (currently known as the Carling Cup) and the Football League Trophy (currently the Johnstone's Paint Trophy) (2) Original rights period was supposed to run until 2003/4, however, ITV Digital collapsed in 2002. The rights to the 2002/3 season were then resold and bought by Sky as part a new four-year package

Source: TV Sports Markets "World Football Leagues and TV Rights", Press Reports

The Football League failed to secure parent company guarantees for the ITV Digital deal - the consequent loss of revenues caused severe problems for the clubs

Failure to guarantee deal

- When ITV digital ceased trading, the Football League was owed £178m of the original £315m deal
- The Football League failed in its attempt to obtain the money from Granada and Carlton, ITV Digital's sole shareholders, through the courts
 - the Football League had failed to gain written guarantees from Granada and Carlton (the ultimate owners of ITV Digital) – they were not therefore liable for the company's debts
- The Football League also lost its claim for damages against its former legal advisors
 - the League claimed that its lawyers should have advised it to ensure that the parent companies guaranteed ITV Digital's obligation
- Having claimed for £142m in damages. The Football League was awarded only a nominal £4 (four pounds)

Effect on football clubs

- The effect of the £178m shortfall for Football League clubs was considerable
- Most had budgeted for the next two seasons based on receiving the ITV Digital money
 - First Division clubs stood to lose £3m each; Second Division clubs: £600,000; Third Division clubs: £400,000
- 17 clubs, including Barnsley and Bradford (former Premier League clubs), were forced into administration, largely if not completely, as a result of the shortfall
- Even those which did not enter administration were forced to lay off players and staff and cut wages

- Case study: Bradford City FC
 - share of owed TV rights was worth approximately £5m
 - went into administration in May 2002, one year after relegation from the Premier League
 - 19 players made redundant



Source: Press reports, Sportbusiness

Chapter 2 – Olympic Games

Executive summary

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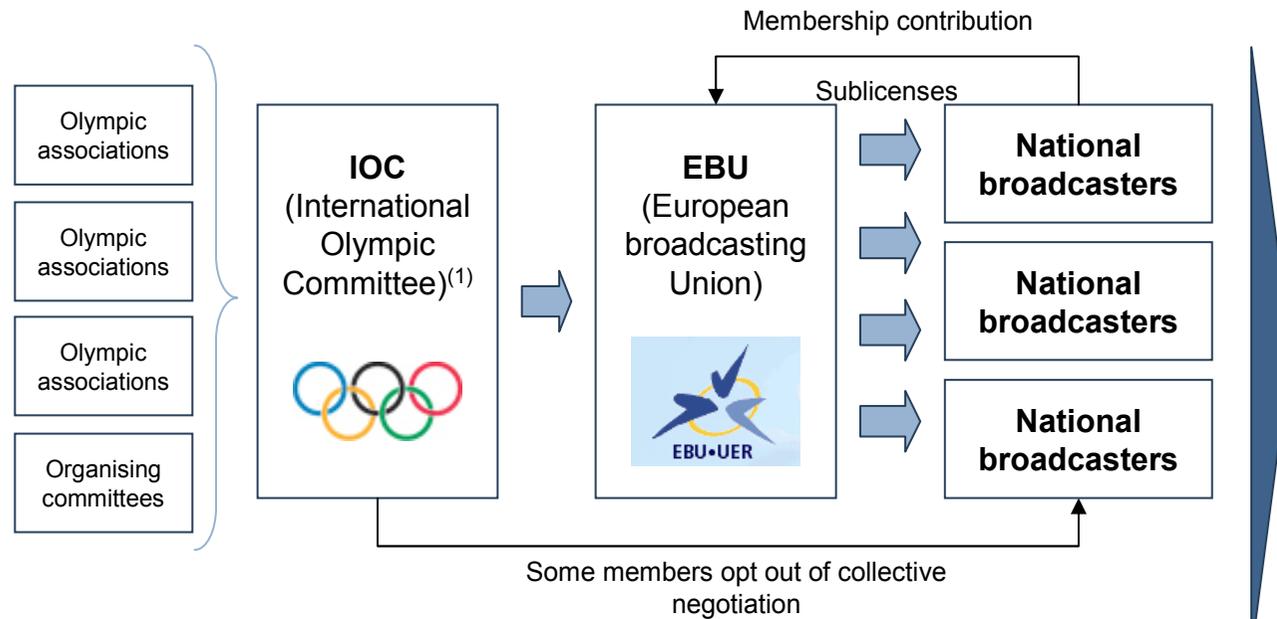
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Appendix

The European Broadcasting Union currently acquires rights to the Olympics on behalf of, and funded by, its member broadcasters

Rights ownership



- The European Broadcasting Union (see appendix) currently acquires the rights to the both the summer and winter Olympics on behalf of its members - EBU must agree a price with the IOC that it can fund through its members' contributions
- However, this approach is under review by the IOC which is considering making deals directly with broadcasters (as it already does in Brazil and Italy)

The Italian FTA broadcaster recently refused to contribute the amount asked for by the EBU and so agreed a deal directly with the IOC

Legend

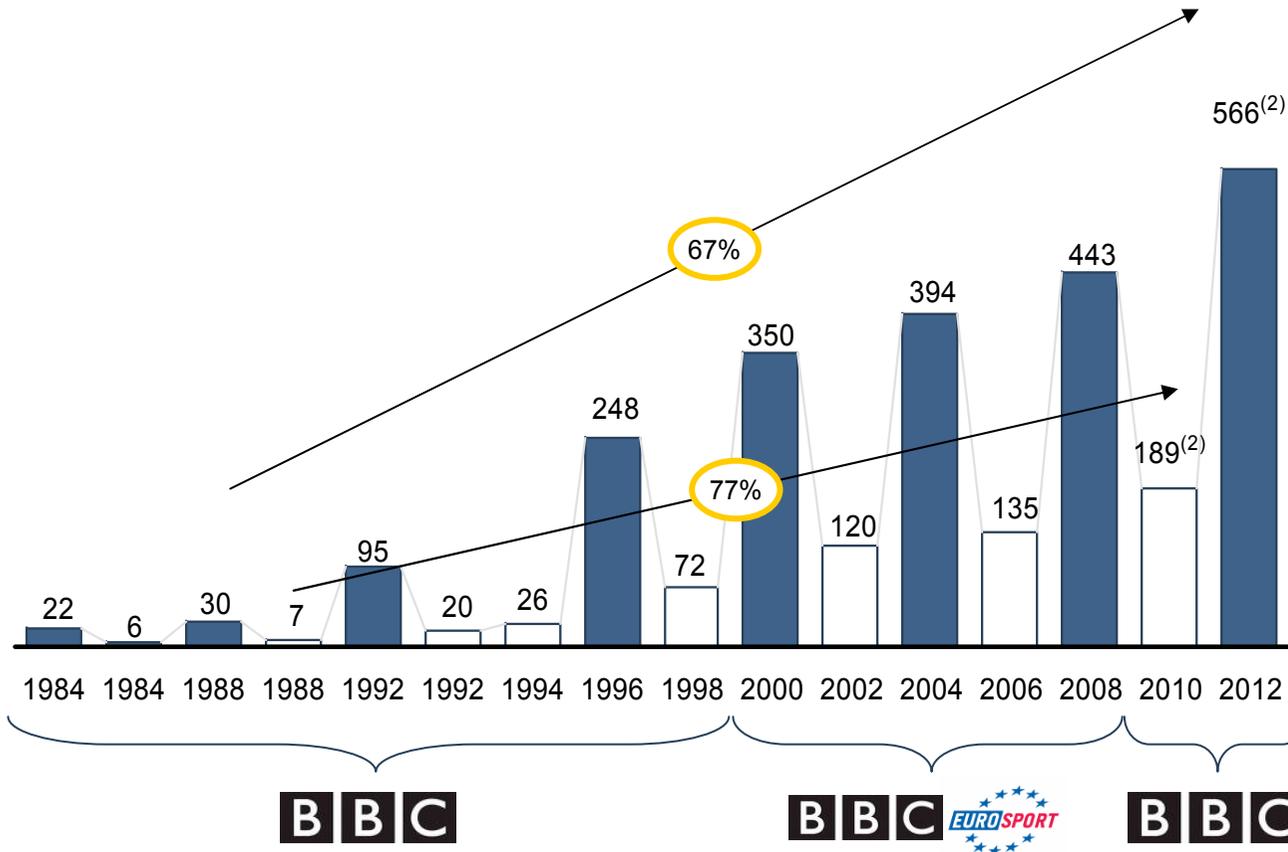


Note: (1) The IOC stipulates that at least 300 hours of live content be broadcast by a channel with greater than 95% coverage
 Source: EBU website; Spectrum Value Partners analysis

Since 1988, the value of the European TV rights for the Olympics has increased at a CAGR of 65% per summer event and 77% per winter event

Value paid by EBU for European rights to Olympic events (\$m)⁽¹⁾

Winter games
■ Summer games
% CAGR



• The amount that the EBU paid the IOC for the European rights to broadcast the winter and summer Olympics has increased at a rate of 67% per summer event and 77% for the winter games

Since 2000, the BBC has not released figures for how much it has paid for the Olympics. To enable comparisons with other sports rights costs, we have assumed it pays 25% of the EBU figure – slightly higher than the 23% that it is known to have paid in 2000

Note: (1) This is the total value that the EBU pay for all European rights. Member broadcasters split this amount between them, but the distribution is not disclosed by the EBU. We estimate the BBC to contribute over 25% of the value
 (2) Historic 2004 exchange rate of 1€ = \$1.23 has been taken

Source: TV Sports Markets "European TV and Sports Rights 2006", Press reports; Spectrum Value Partners analysis

As the Olympics has Category A listed status and there has been limited interest from ITV, the BBC has been the primary live Olympics broadcaster

Rights contract period

	1984-1998	2000	2002	2004	2006	2008	2010	2012
Live	 <ul style="list-style-type: none"> BBC broadcast live coverage across its two terrestrial channels 	  <ul style="list-style-type: none"> BBC broadcast live coverage across its two terrestrial channels Eurosport carries some live coverage on its digital channel sub-licensed from the BBC 				 <ul style="list-style-type: none"> The BBC has promised to show more live coverage of all Olympic events than ever before - it will rely on its BBCi interactive service to broadcast multiple events simultaneously 		
Highlights		  <ul style="list-style-type: none"> As a dedicated sports channel, and prior to the BBC's interactive coverage, Eurosport was able to carry a more significant amount of content than the BBC 						



• The Olympic Games' category A listed⁽¹⁾ status has helped public sector broadcasters such as the BBC to remain the primary broadcaster of the Olympics since it agreed the first ever live TV sports rights deal for the 1948 London Olympics

Note: (1) Category A listed events are those which cannot be broadcast live on an exclusive basis on channels with less than 95% coverage unless qualifying broadcasters have had a chance to acquire the rights on terms which match their resource

Source: TV Sports Markets, SNL Kagan / Kagan Research, Press reports, Spectrum Value Partners analysis

The BBC's interactive channel, BBCi, allows it to compete with its multi channel pay TV rivals in bringing comprehensive live Olympics coverage

- **BBCi** – the BBC's "red button" interactive functionality offers a range of additional services



- Highlights round-up**
- Round up of the day's action on a short (5-10 minute) loop
 - Key news items and events from the day's action

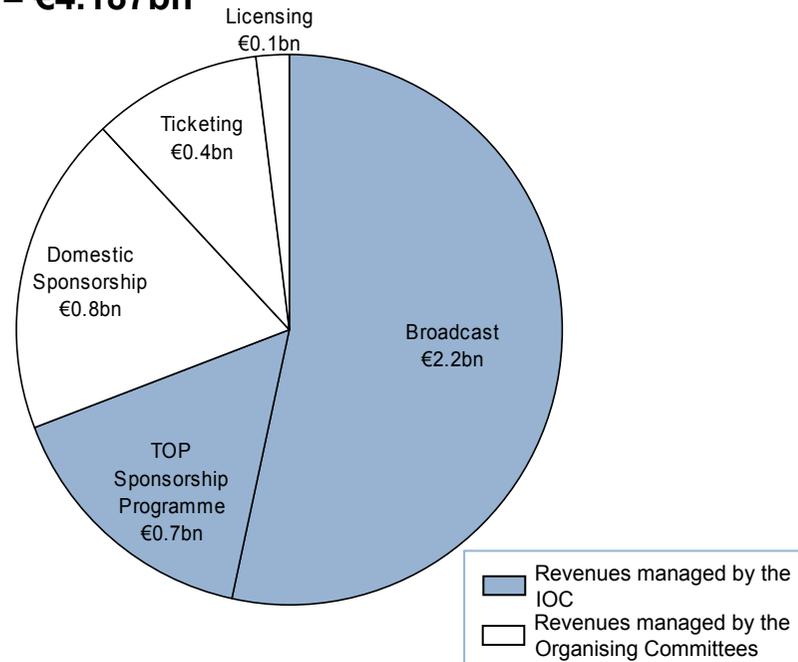
- Multichannel coverage**
- Several feeds of content allowing viewers to choose from multiple events

- Results, stats and previews**
- Results pages, tournament statistics, such as medal tables and previews of upcoming events available through interactive menus

Note: The above example is not of Olympics red button coverage
Source: bbc.co.uk

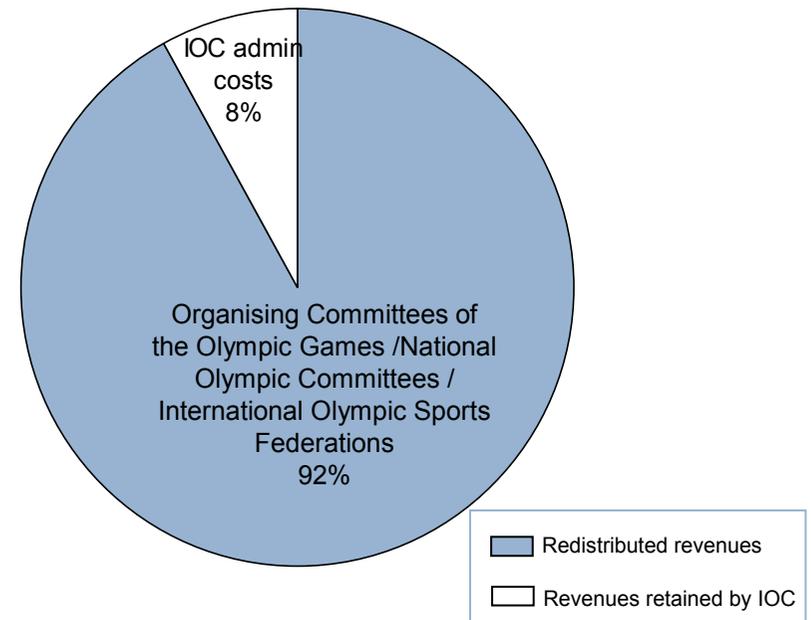
In 2001-04, the Olympic Games generated revenues of over €4bn – over half from the sale of broadcast rights

Total Olympic Revenue: 2001-2004 (€bn)
Total = €4.187bn



- **The Olympic Movement has five main sources of revenue**
 - the IOC manages broadcasting and The Olympic Partners (TOP) worldwide sponsorship programme
 - the Organising Committees of the Olympic Games (OCOGS) manage domestic sponsorship, ticketing and licensing programmes within the host country

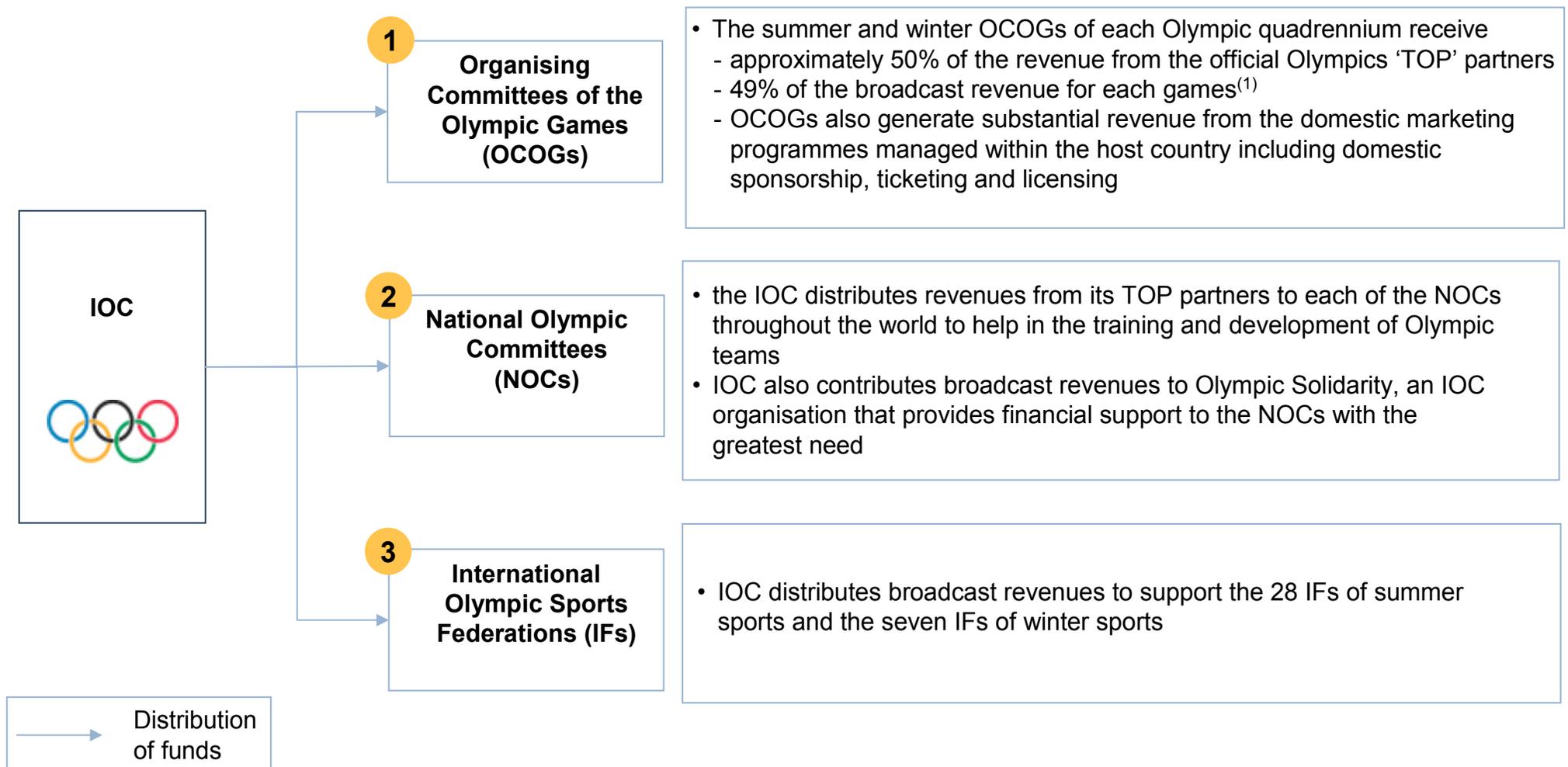
Distribution of revenue managed by the IOC only: 2001-2004 (€bn)
Total = €2.89bn



- **IOC Revenue Distribution**
 - the IOC distributes approximately 92% of its revenues to organisations throughout the Olympic Movement to support the staging of the Olympic Games and the development of sport
 - it retains approximately 8% for the operational and administrative costs of governing the Olympic Movement

Source: IOC 'Olympic Marketing Overview'

The IOC distributes its revenues to three main sources – Games organising committees, National Olympic Committees and sports federations



Note: (1) Following the 2008 games, distribution of broadcast revenue to OCOGs will change from 49% of revenue raised to a fixed, pre-determined amount
Source: IOC 'Olympic Marketing Overview'

Chapter 3 – Cricket

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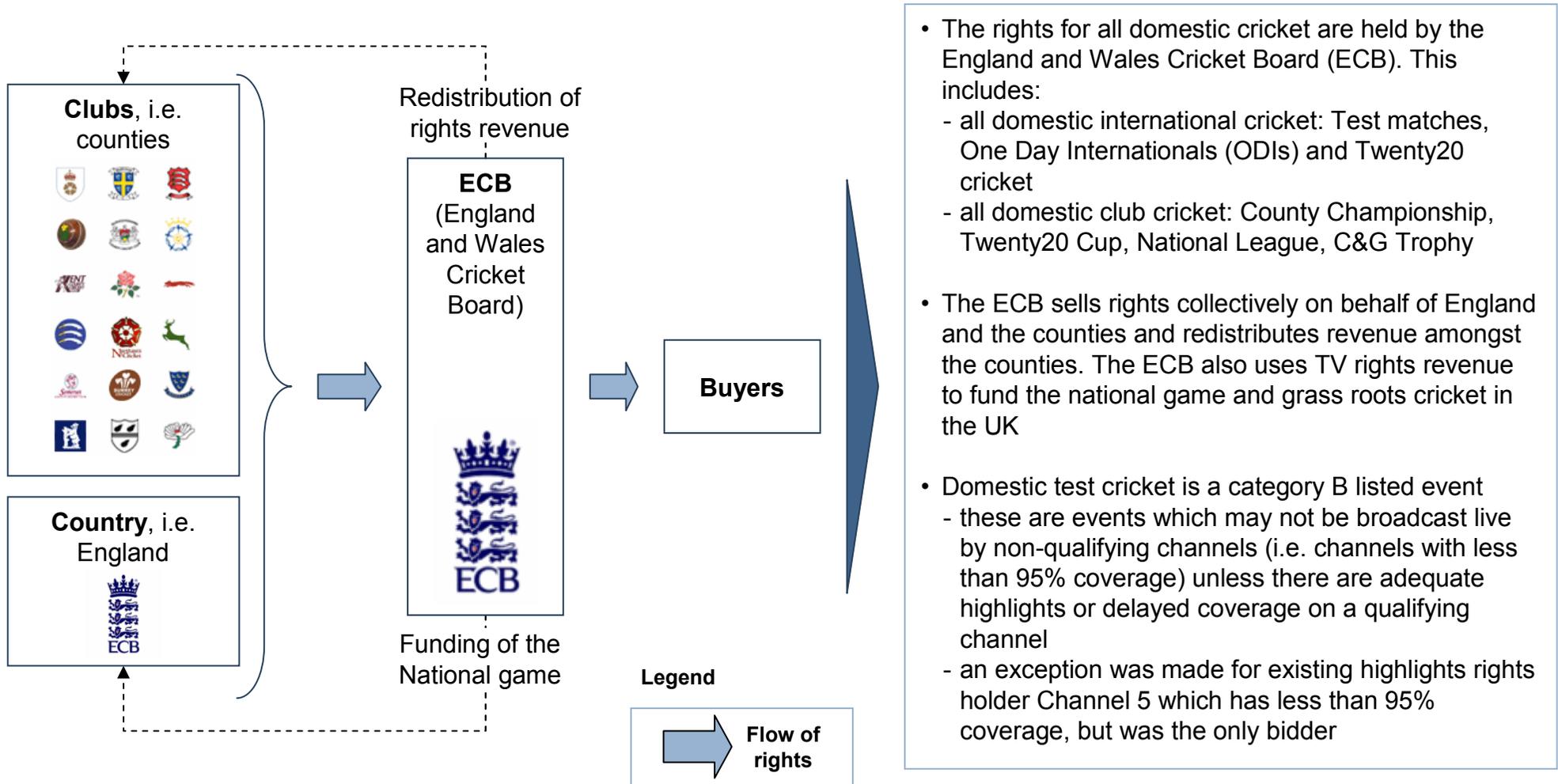
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Appendix

The England and Wales Cricket Board (ECB) owns the rights to all international and first class (county) cricket in England

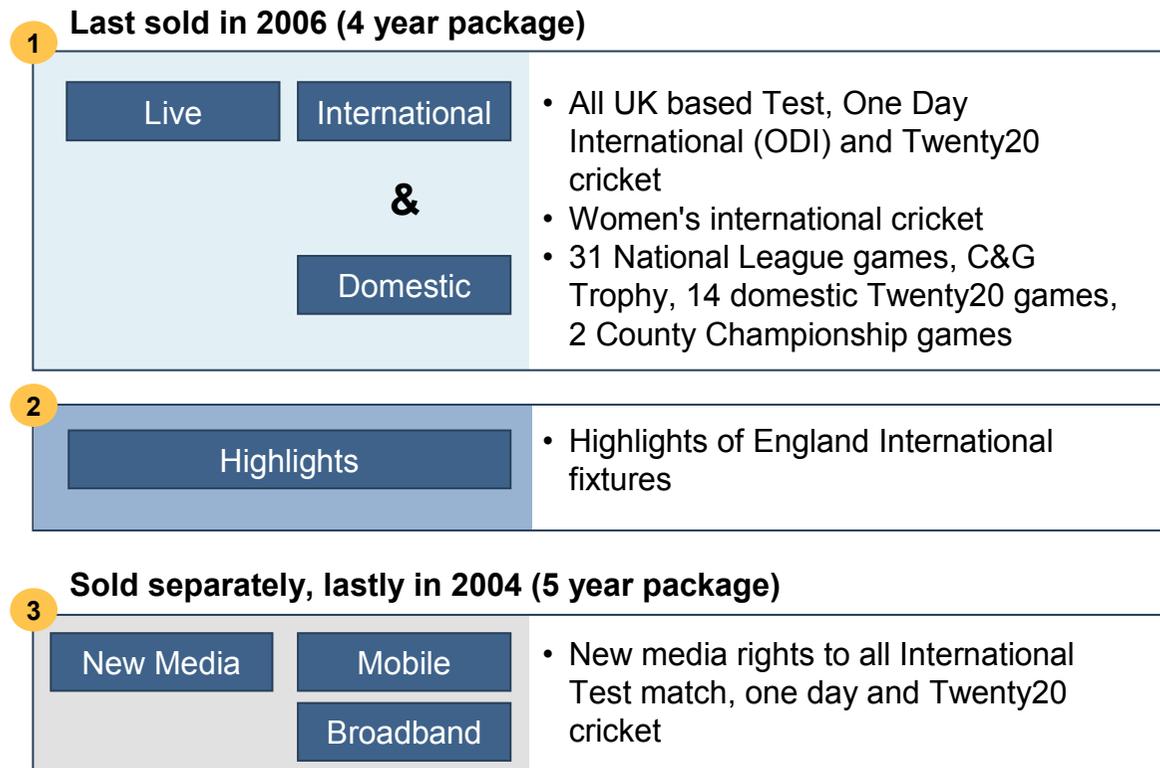
Rights ownership



Source: ECB website; Spectrum Value Partners analysis

The ECB sells a package of rights to international cricket taking place in England and all domestic county cricket

Packaging of rights to English cricket

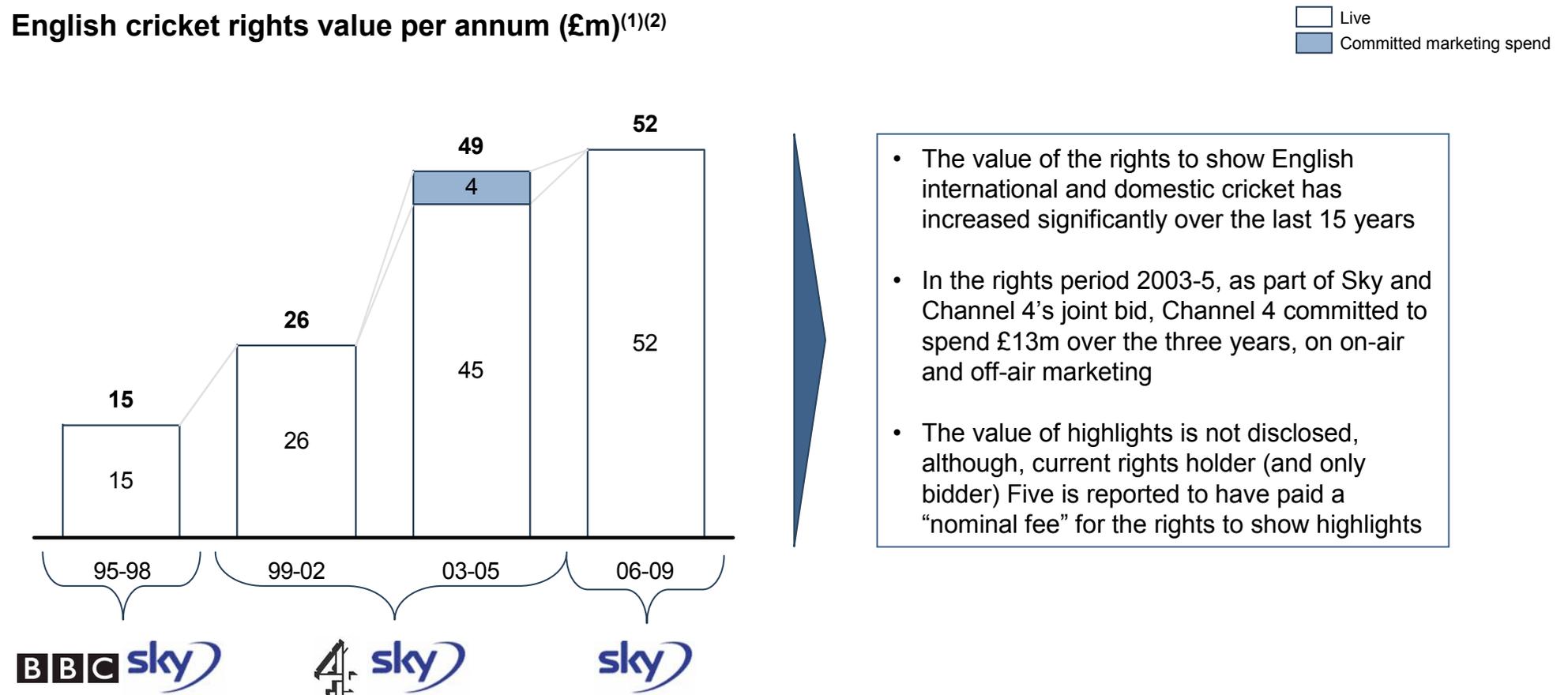


- The ECB sells all its rights in three packages: live, near live and new media
- Live and near live rights are sold for the same period, new media rights are sold separately on a different sales cycle
- The ECB only distinguishes between live and near-live, it does not separate out International and domestic cricket, or even types of International cricket, such as Test cricket as opposed to ODIs

Source: TV Sports Markets "European TV and Sports Rights 2006", ECB website

Since 1995, the value of the rights to English cricket has more than tripled

English cricket rights value per annum (£m)⁽¹⁾⁽²⁾



Note: (1) Five year New Media package ('04-'09) was sold to Vodafone and Hutchinson 3G in 2004. The package which included mobile and fixed line Internet rights was worth an undisclosed fee, estimated at ~£10m
 (2) Value of the rights that the ECB holds to all domestic and international cricket. The bulk of the value lies in the rights to live test match cricket, however the split in terms of value is not known

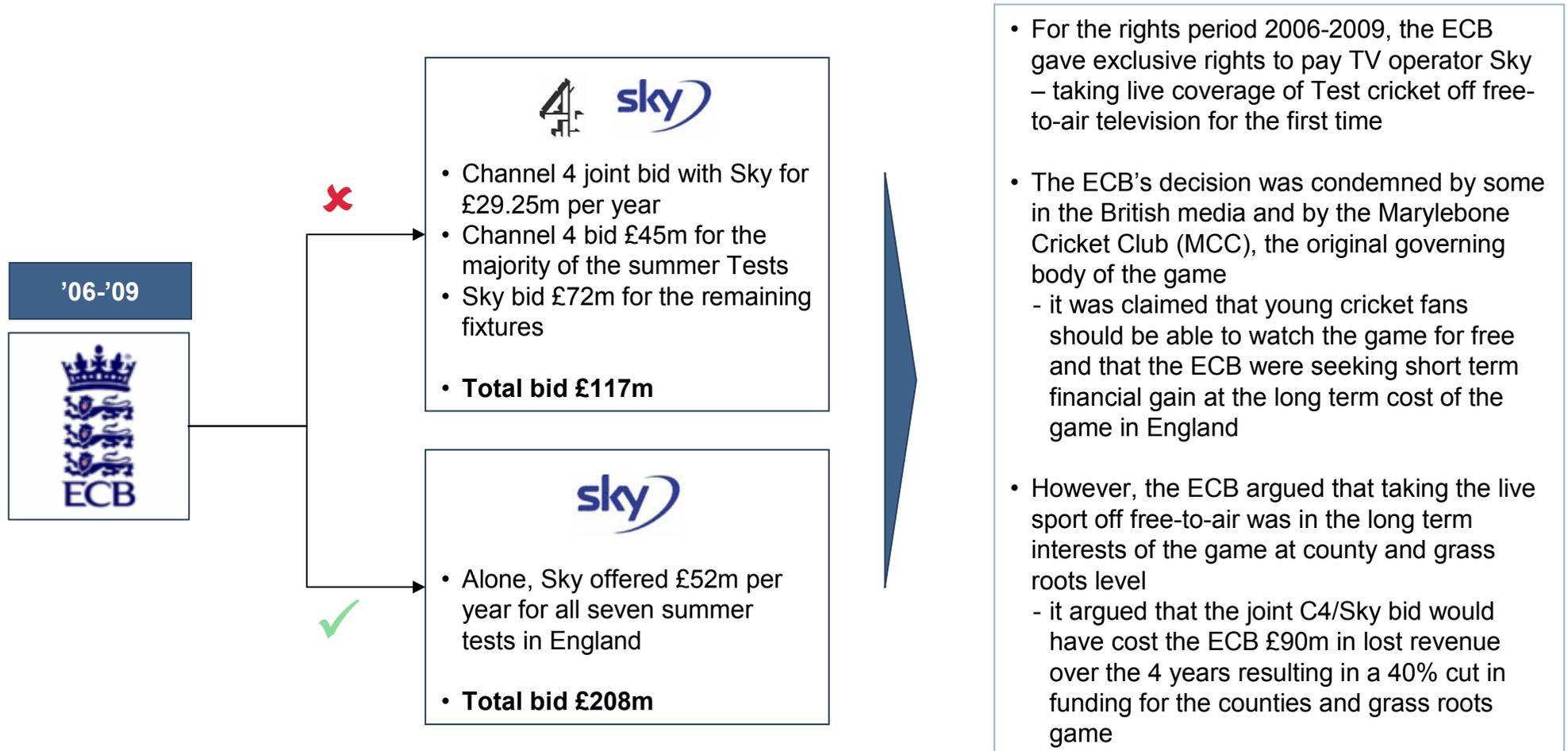
Source: SNL Kagan / Kagan Research, TV Sports Markets "European TV and Sports Rights 2006", Press reports; Spectrum Value Partners analysis

Since 1995, the BBC, Channel 4 and, most recently, Sky have all held the rights to broadcast live Test match cricket in England

Rights contract period	95-98	99-03	03-05	06-09
Live test matches	 <ul style="list-style-type: none"> £8.75m p.a. All seven domestic test matches per year 	 <ul style="list-style-type: none"> Channel 4 paid £13.25m p.a. for six of seven summer tests (and games listed below) Sky paid £12.5m p.a. for one of seven summer tests (and games listed below) 	 <ul style="list-style-type: none"> Channel 4 paid £19.7m p.a. (plus £4.3m p.a. on marketing) for six of seven summer tests (and games listed below) Sky paid £25m p.a. for one of seven summer tests (and games listed below) 	 <ul style="list-style-type: none"> Sky paid £52m p.a. for exclusive live coverage of all seven domestic summer tests (and other games listed below)
Highlights to test matches	 <ul style="list-style-type: none"> £6.25m p.a. Sky had highlight of all seven tests 	 <ul style="list-style-type: none"> Channel 4 shows highlights of all seven Tests Sky shows extended highlights of the six it does not broadcast live 		 <ul style="list-style-type: none"> As the only bidder, Five paid a “nominal” fee for daily highlights, committing to a 7.15pm-8pm timeslot
Other international cricket	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Sky shows exclusive live coverage of the three match early-season series (Natwest Challenge) and the 10-match triangular tournament Channel 4 shows highlights 		 <ul style="list-style-type: none"> Sky’s £52m p.a. exclusive deal includes all One Day and Twenty20 international games, at least 31 National League and C&G Trophy games, 14 domestic Twenty20 matches, two county championship games and women’s international cricket
Domestic cricket	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Channel 4 shows live coverage of the C&G Trophy final, semi-finals and one quarter-final, plus evening highlights. Channel 4 also shows highlights of the Twenty20 Cup finals day Sky shows one C&G trophy match from the third and fourth rounds and the quarter finals. It also shows live coverage of the Twenty20 Cup, the National League (30 matches per season), England Women’s and England U-19 internationals 		
New media (mobile and fixed line Internet)			 <ul style="list-style-type: none"> Shared by Vodafone and Hutchinson 3G 	

Source: TV Sports Markets, SNL Kagan / Kagan Research, Press reports, Spectrum Value Partners analysis

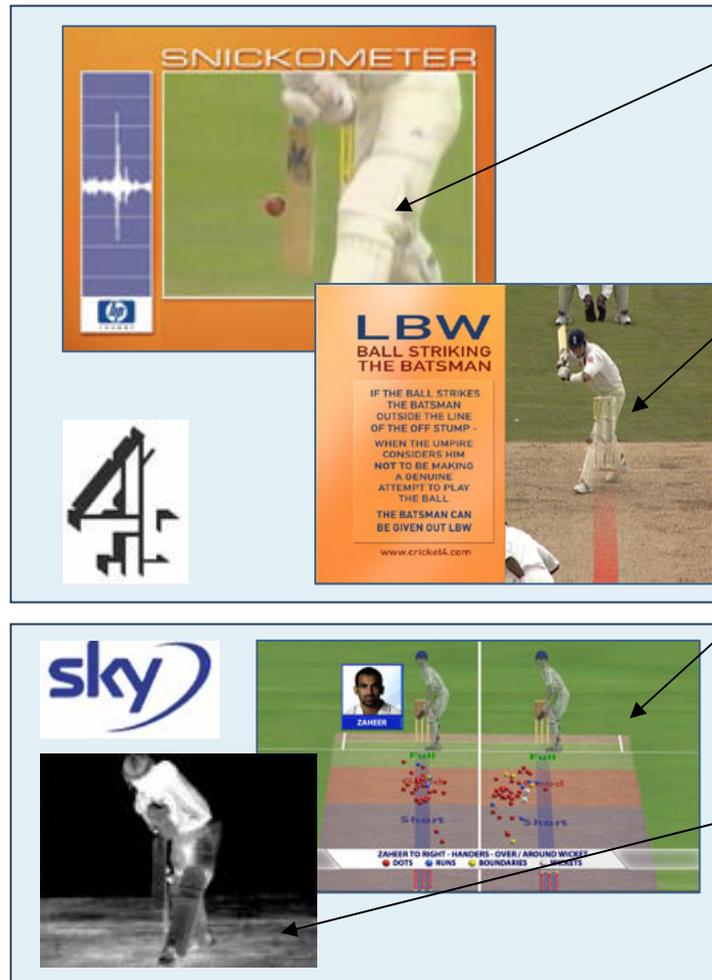
In selling exclusive rights to Test match cricket to Sky, the ECB received a degree of criticism



Source: TV Sports Markets, SNL Kagan / Kagan Research, Press reports, Spectrum Value Partners analysis

Broadcasters Channel 4 and Sky have been particularly innovative in their coverage of live Test Match cricket

- When Channel 4 took over the coverage of live Test cricket from the BBC in 1999, it introduced a number of **technological innovations** that have **enhanced the televised cricket viewing experience**
 - Independent production company “**Sunset and Vine**” took over production
- Sky has further enhanced the spectators’ experience with even more technological innovation pioneered by indie “Sunset and Vine”



Snickometer - informs the viewer as to whether the ball passing the batsman’s outside edge registered a noise indicating a “snick” and hence potential wicket

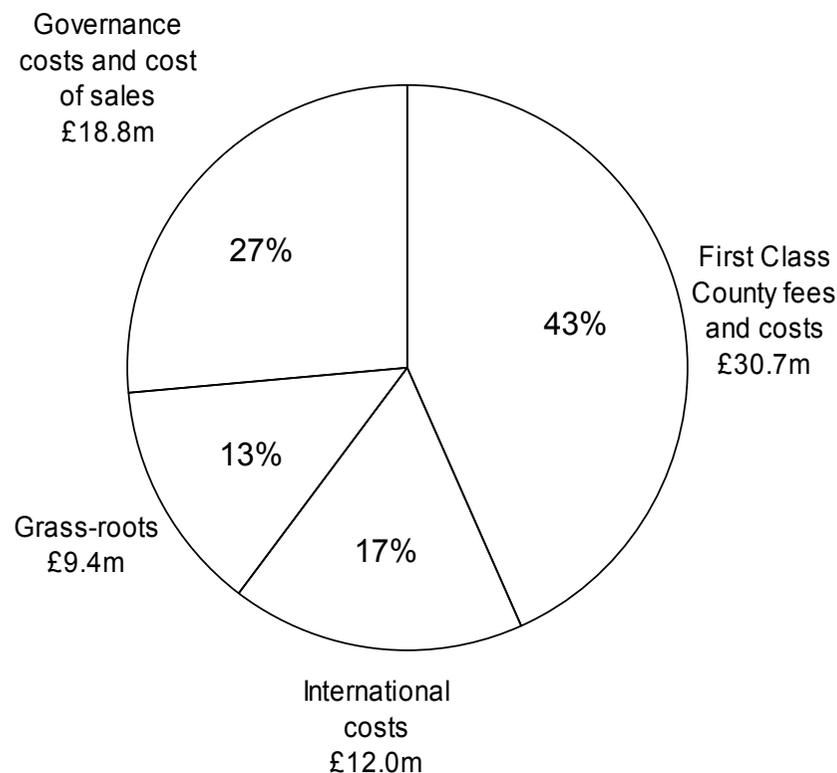
Red zone - a “virtual” red stripe on the pitch between the wickets gives the audience a better view of whether a delivery pitched in line with the stumps and/or would have gone on to hit the stumps in an LBW situation

Hawkeye - computer simulates the trajectory of the ball so that commentators can better analyse the line, length or likely path of a delivery

Hotspot - gives an infrared view of a ball being bowled. Like snickometer, it gives the audience indication of whether or not a ball hit the outside edge of the bat

The ECB spends the majority of its expenditure on First Class County cricket, England sides and grass-roots development

ECB Total Expenditure, 2006 (£m)
Total = £70.9m



- Expenses associated with First Class County cricket account for 43% of the ECB's expenditure
 - 36% (£25.6m) to the First Class Counties
 - 7% (£5.1m) in other costs associated with the First Class game, for example, umpires and the cost of floodlights at County grounds
- Costs associated with England international sides totalled 17% (£12.0m) – including player employment costs, expenditure on overseas tours and the cost of the National Cricket Centre in Loughborough
- Expenditure on grass roots cricket totalled 13% of the total (£9.4m) and included costs relating to Minor County and County Board Cricket

Source: ECB Annual Report and Accounts, 2006

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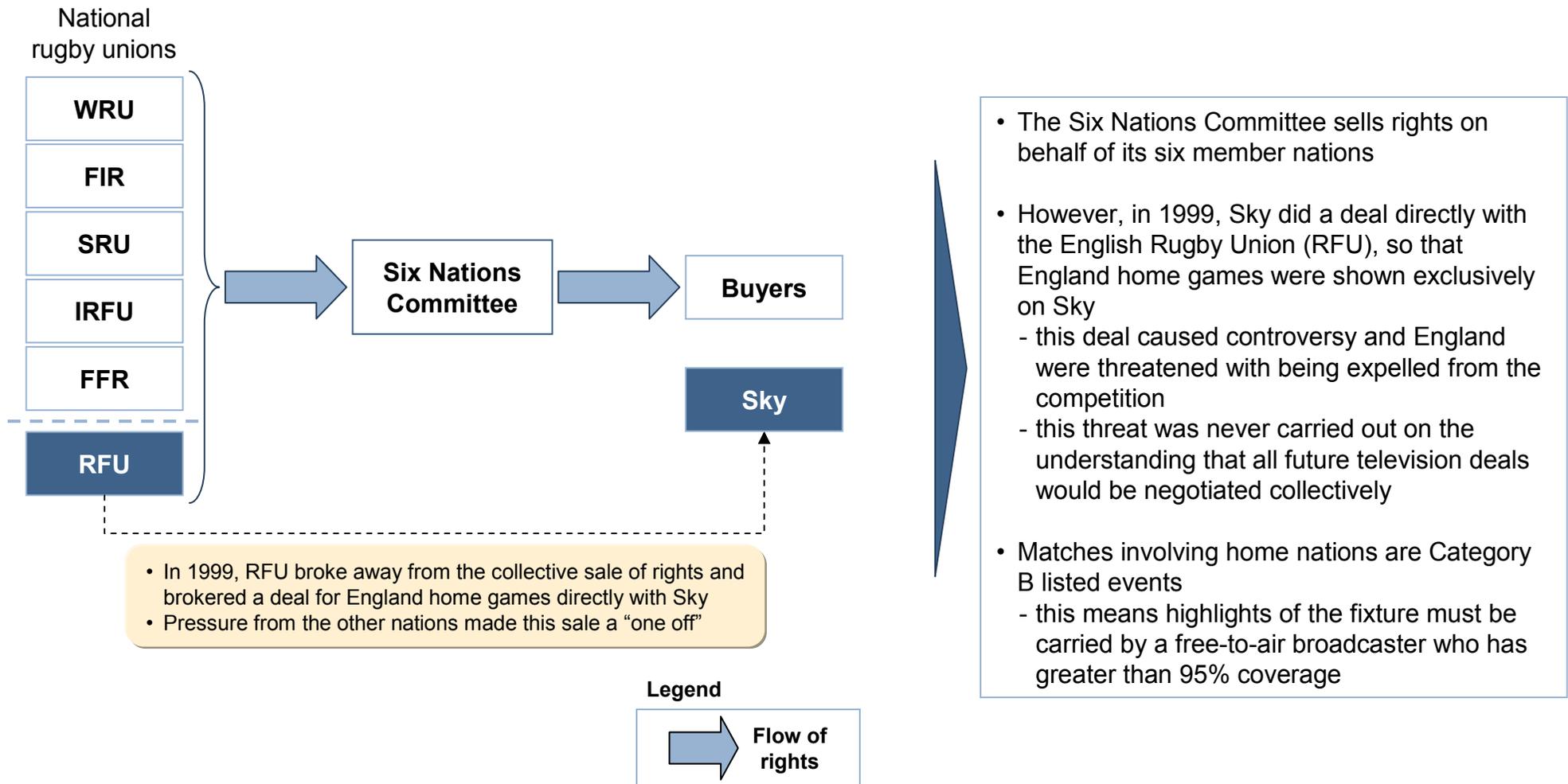
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Appendix

The rights for the Six Nations are sold by the Six Nations Committee on behalf of the six member nations

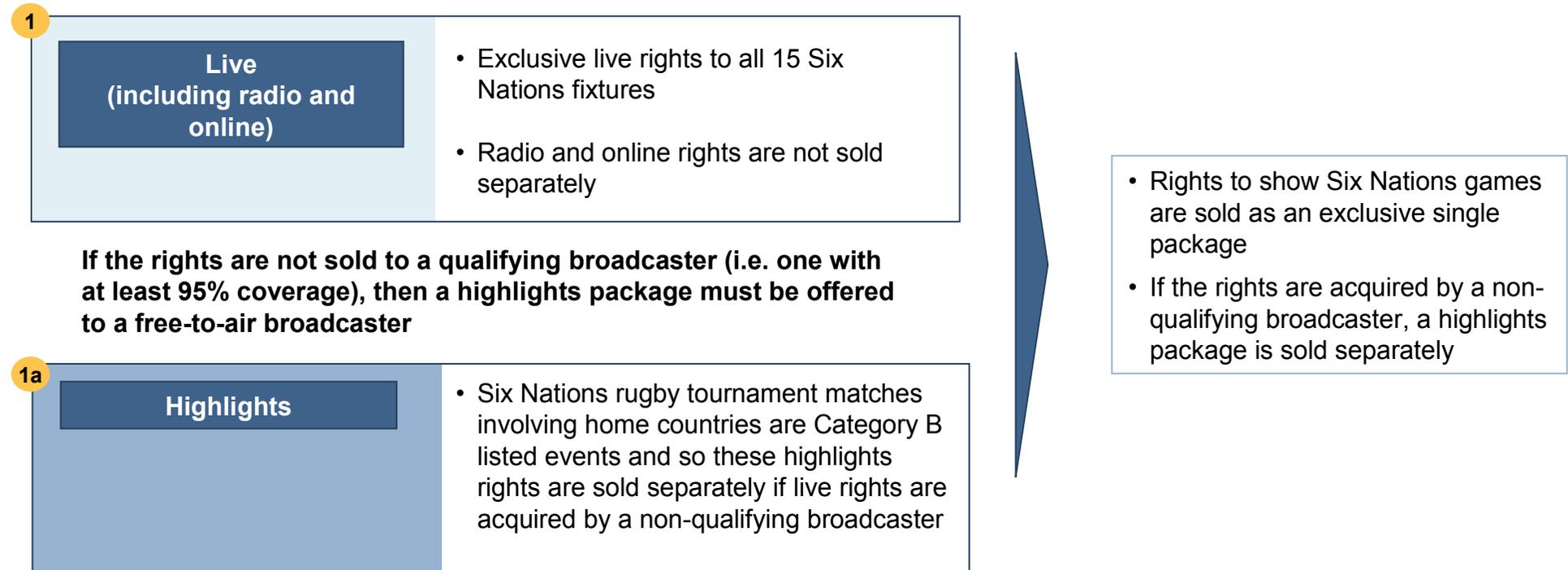
Rights ownership



Source: TV Sports Markets 2006; Spectrum Value Partners analysis

Rights to show Six Nations games are sold as an exclusive single package

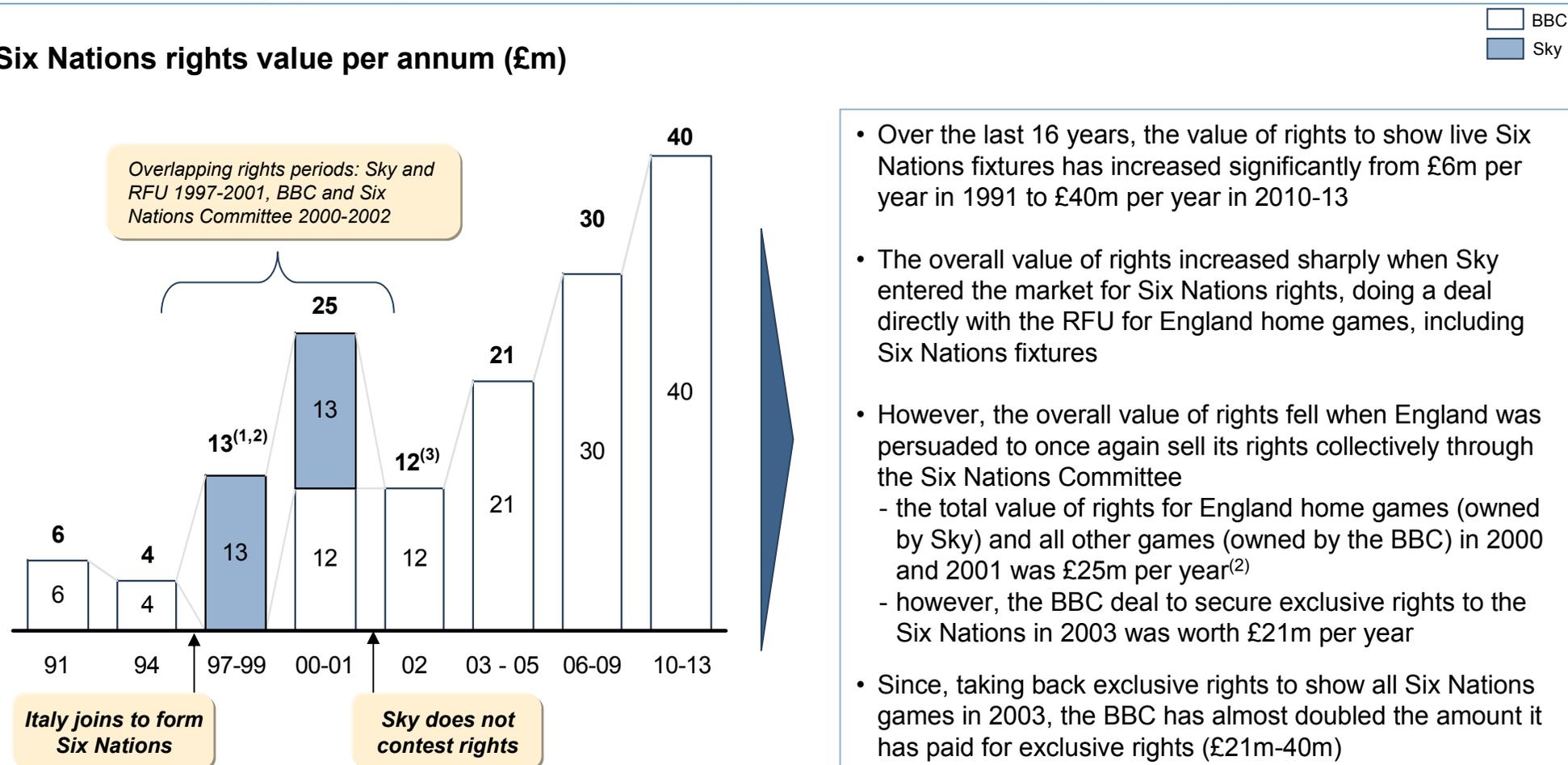
Packaging of rights to the Six Nations



Source: TV Sports Markets "European TV and Sports Rights 2006"

Since 1991, the value of the rights to the Six Nations has increased dramatically, partly driven by competition from pay-TV operator Sky

Six Nations rights value per annum (£m)



- Over the last 16 years, the value of rights to show live Six Nations fixtures has increased significantly from £6m per year in 1991 to £40m per year in 2010-13
- The overall value of rights increased sharply when Sky entered the market for Six Nations rights, doing a deal directly with the RFU for England home games, including Six Nations fixtures
- However, the overall value of rights fell when England was persuaded to once again sell its rights collectively through the Six Nations Committee
 - the total value of rights for England home games (owned by Sky) and all other games (owned by the BBC) in 2000 and 2001 was £25m per year⁽²⁾
 - however, the BBC deal to secure exclusive rights to the Six Nations in 2003 was worth £21m per year
- Since, taking back exclusive rights to show all Six Nations games in 2003, the BBC has almost doubled the amount it has paid for exclusive rights (£21m-40m)

Note: (1) The BBC showed some live games in the period 1997-1999, although it is unclear how much it paid for these rights
 (2) Sky's 5 year deal with the English RFU included all England home matches, including Six Nations, Test matches, Autumn internationals, as well as English domestic league rugby
 (3) This figure is an estimate. It is likely that, as Sky's deal with the RFU was not renewed, the BBC paid an extra amount on top of their existing deal to take live rights to all live games that season. However, this has not been included

Source: SNL Kagan / Kagan Research, TV Sports Markets "European TV and Sports Rights 2006", Press reports; Spectrum Value Partners analysis

With the exception of the period from 1997-2001, the BBC has been the primary owner of rights to live Six Nations rugby

Rights contract period

		'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Live		All 5/6 Nations games					Scotland, Wales, Ireland home games		All 6 Nations games										
							All England home games, including 6 Nations fixtures												
Highlights		BBC carried highlights of all England games that were live on Sky in this period																	

- Sky does a deal directly with the English Rugby Union (RFU), so that England home games were exclusively shown on Sky
- This deal caused great controversy and England were threatened with being expelled from the competition
- This threat was never carried out on the understanding that all future television deals would be negotiated collectively

Source: TV Sports Markets, SNL Kagan / Kagan Research, Press reports, Spectrum Value Partners analysis

Since regaining exclusive rights to the Six Nations in 2003, the BBC has been innovative in its presentation of the games

Innovation in 3D graphical analysis



Experimentation with match schedules

- The BBC has not been afraid to experiment with match schedules in order to better suit audiences
- Historically, all fixtures were played simultaneously, latterly one game was moved to Sunday to allow two games to be broadcast in a weekend
- However, since regaining exclusive rights, the BBC has been keen to experiment with kick off times to find the optimal schedule for rugby fans
 - **“Super Saturdays”** – all three teams in action on the same day at 3pm, 5pm and 8pm. The Saturday 8pm slot in particular has proved successful in bringing the game to a larger prime time audience
 - **Sunday games** – a fixture played on Sunday alleviates some of the pressure on the Saturday schedule

• BBC R&D and Red Bee developed “Piero” to create a virtual stadium in which virtual players can be tracked from almost any angle

• First used in 2005, the BBC claims “Piero” gives a “greater depth to the growing wealth of analysis during broadcasts”

Chapter 5 – Rugby League

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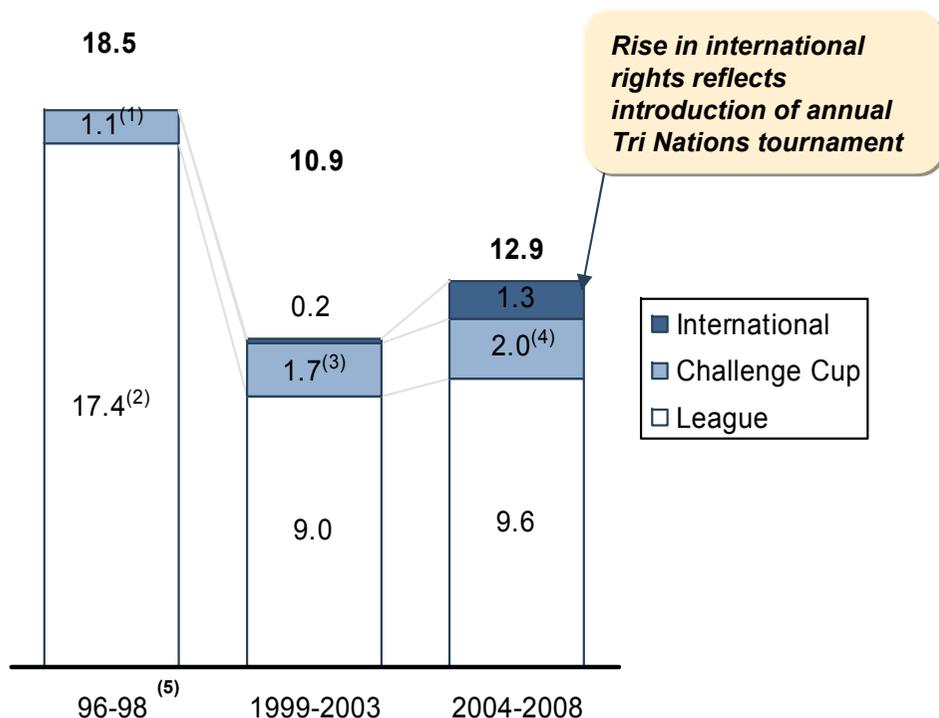
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Appendix

In 1996 Sky paid a premium for Rugby League rights to ensure the breakaway of the Super League, but since 1999 the rights value has been significantly lower

Annual value of Rugby League live rights (£m)



- In 1996, the Rugby League agreed an £87m, five-year deal for live league rights with Sky
 - a new Super League was created – with matches played in the summer rather than the traditional winter season
 - of the £17.4m annual fees, £11.5m went to the Super League and the remaining £5.9m went to the first two divisions of the Northern Premiership (the divisions below the Super League)
- Sky’s heavy investment in the Super League was part of Rupert Murdoch’s plan to create a new, international rugby league competition to rival the established Australian Rugby League
 - the new format was to feature international competition between teams from Super League Australia and the newly created Super Leagues in Great Britain and New Zealand
- In 1998, Sky deemed the UK rights to be overvalued and renegotiated its contract with the Super League, reducing the rights value by 48% to £9m per season
 - developments in Australia eroded much of the value for Sky associated with developing the European arm of an international Super League
 - international matches between British and Australian Super Leagues (World Club Challenge) attracted low viewing figures
- In 2004, the Super League agreed a £48m, five year deal with Sky for league coverage.
 - Sky had initially offered £62m over five years but reduced the offer when a separate deal was agreed with the BBC for the Challenge Cup, the domestic cup competition

Notes: In most cases, live rights deals include highlights for the same property

(1) Challenge Cup rights deal ran from 1997 to 1999.

(2) Deal includes some Challenge Cup and International rights

(3) Challenge Cup rights deal ran from 2000 to 2004

(4) Challenge Cup rights deal runs from 2005 to 2008. For this period, Challenge Cup rights deal includes shared Super League and International highlights

(5) Deal was originally scheduled to run until 2000 but was renegotiated in 1998 and a new five-year rights period began in 1999

Source: TV Sports Markets “European TV and Sports Rights 2006” and “Who Owns TV Sports Rights in the UK”

Since 1996, Sky has had exclusive Super League coverage – whilst the Challenge Cup final, a listed event, has been shown by the BBC

Rights contract period	1996-1998	1999-2003	2004-2008
Broadcaster			
League	<ul style="list-style-type: none"> • Sky: live and highlights 	<ul style="list-style-type: none"> • Sky: live and highlights. • BBC Regions: highlights 	<ul style="list-style-type: none"> • Sky: live and highlights. • BBC: highlights of play-offs and Grand Final only
Challenge Cup ⁽²⁾	<ul style="list-style-type: none"> • BBC: live (97 to 99) 	<ul style="list-style-type: none"> • BBC: (00 to 04) • Sky: highlights 	<ul style="list-style-type: none"> • BBC: live and highlights (05 to 08)
International	<ul style="list-style-type: none"> • Sky: live and highlights 	<ul style="list-style-type: none"> • Sky: live and highlights • BBC: highlights (00 to 04) 	<ul style="list-style-type: none"> • Sky: live and highlights • BBC: highlights of Great Britain's Tri Nations matches only (05 to 08)
Notes		<ul style="list-style-type: none"> • Sky paid an additional £10.8m in compensation to the Northern Premiership for termination of previous deal 	<ul style="list-style-type: none"> • During the regular season, Sky broadcasts, on average, two live Super League matches a week • Sky's international deal includes the World Club Challenge match between the winners of the European and Australian Super Leagues

Note: (1) The Challenge Cup final is a Category A listed event. The rights must therefore be offered first to BBC1, BBC2, ITV or Channel 4.

Source: TV Sports Markets "European TV and Sports Rights 2006" and "Who Owns TV Sports Rights in the UK", Press reports

Sky's involvement with the Super League has changed the game significantly

Changed format

- Rugby League moved from a century-long tradition of being a winter sport to being played in the summer
 - running concurrently with Southern Hemisphere leagues
 - minimising overlap with Premier League football – Sky's most valuable rights property
- 12 team Super League 'Europe' created, including one French and eleven British teams

Increased revenues

- Prior to 1996, Rugby League was in severe financial trouble
 - between 1991 and 1993, professional Rugby League clubs lost £8.8m (almost £3m p.a.)
 - of 31 clubs, 17 were technically insolvent
 - 1994 'Framing the Future' report, described Rugby League as a game in crisis
- The revenues the Super League clubs received from Sky were in excess of any money received previously or offered since by alternative broadcasters

However, early revenues were volatile

- Super League clubs originally budgeted to receive the full value of Sky's promised £87m 1996-1999 TV rights deal
- Sky renegotiated the rights mid-way through the deal, leaving many clubs out-of-pocket

Increased attendances

- Rugby League now appears to be gaining in popularity
- Since 2001, Super League attendances have risen every year
- The 2006 season set records for the highest aggregate season attendance (1,516,342)⁽¹⁾, the highest attendance in a week⁽¹⁾, the highest Grand Final attendance⁽¹⁾ and the highest TV audiences across a season since the Super league began⁽¹⁾

Notes: (1) RFL Annual Report and Accounts, 2006

Source: Press Reports, Sportbusiness, RFL Annual Report and Accounts, 2006, Select Committee on Culture, Media and Sport

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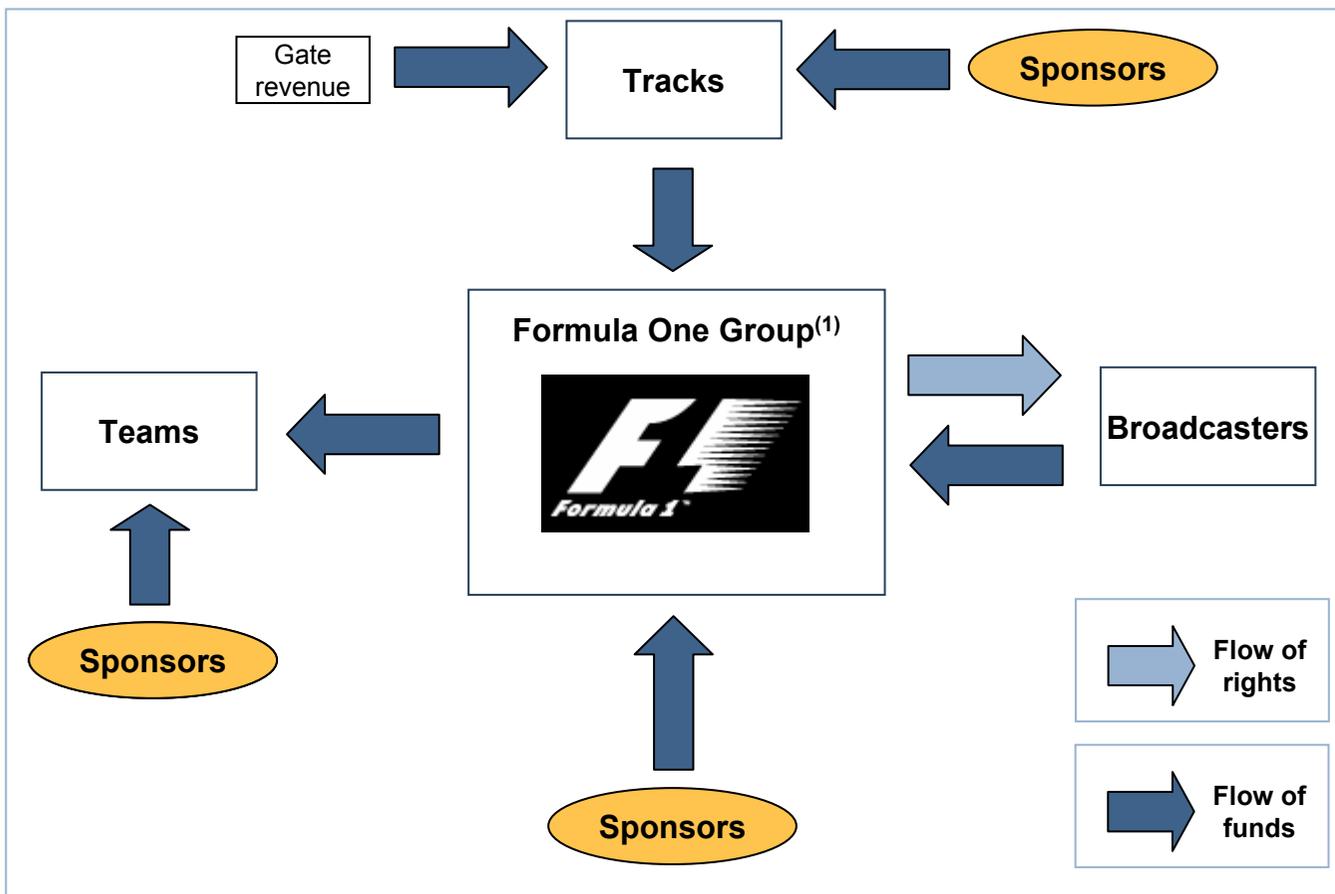
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Appendix

The Formula One business model is heavily reliant on income from sponsors – it is less reliant than other sports on TV revenues

Overview of F1 income flows

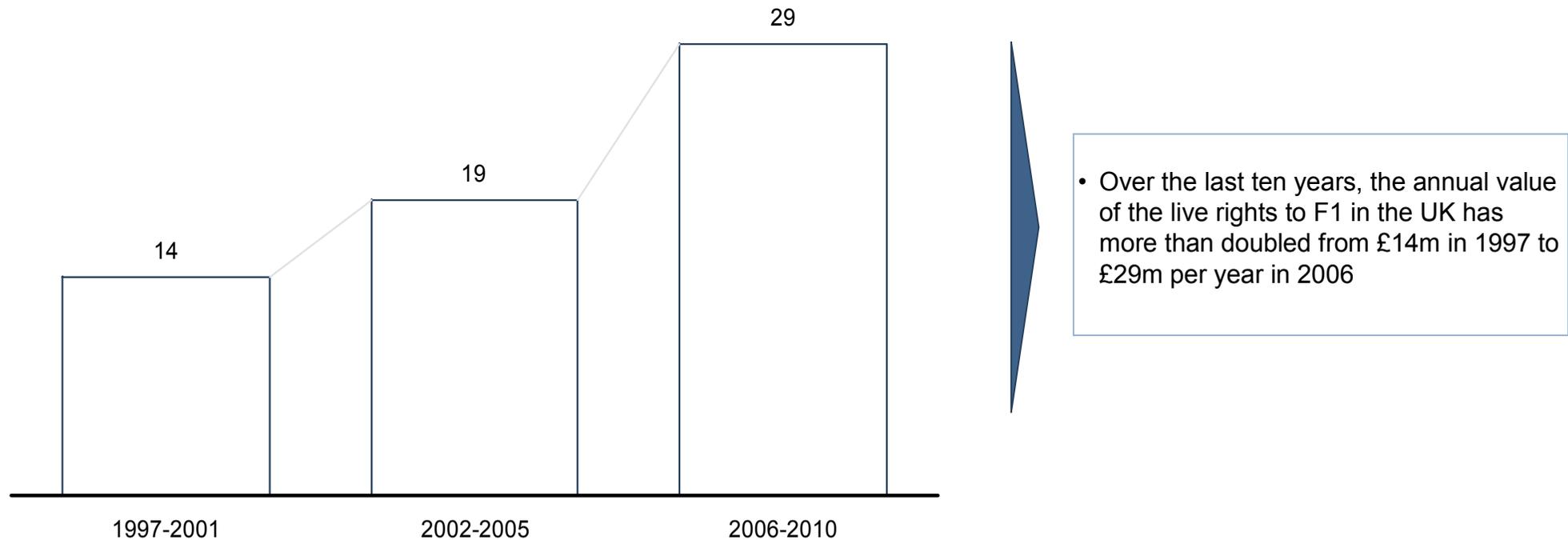


- **The Formula One Group** generates the majority of its revenue from tracks, who pay a fee to secure a race in the F1 championship
 - it also generates revenue from the sale of media rights to broadcasters and some revenue from 'group' sponsors
- The F1 Group retains a percentage of its income and redistributes the remainder to the teams
- **Tracks** generate revenue from gate-receipts on a race weekend and also from sponsors who advertise at the circuits
- **Teams** carry the cost of running an F1 team and receive income from the F1 Group and team sponsors

Note: (1) The F1 Group is owned ultimately by Delta Topco, a Jersey-based company owned by CVC Capital Partners' funds (approximately 70%) and JP Morgan and Lehman Brothers (approximately 20%). Bernie Ecclestone's family trust owns the remainder apart from small shares held by financial advisers and Ecclestone himself
 Source: TV Sports Markets "European TV and Sports Rights 2006"

Over the last ten years, the annual value of F1 rights in the UK has more than doubled

Annual value of F1 rights in the UK (£m)



Source: TV Sports Markets "European TV and Sports Rights 2006"

As F1 generates a significant part of its revenue from sponsorship, it has favoured selling its rights to free-to-air operators with larger audiences

Rights contract period	1997-2001	2002-2005	2006-2010
Broadcaster			
Contract length	• Five year deal	• Four year deal	• Five year deal
Contract value	• £14m per year - £70m total	• £19m per year - £76m total	• £29m per year - £145m total
Notes	• ITV wins the rights from long time owner, the BBC	• Deal included live rights for the races and qualifying sessions plus magazine and highlights rights	• ITV paid extra in order to be able to broadcast content on ITV 2 and gain full archive access • No other broadcaster bid for the rights

- Live rights to broadcast F1 have always been with free-to-air operators, either the BBC or ITV
- ITV won the rights for the first time in 1997
- Formula One’s relationship with free-to-air television is derived from its business model – largely focused on generating revenue from sponsorship (80-85% of teams’ income comes from sponsorship)
- sponsorship revenues are related to the size of the TV audience – generally higher on FTA than pay TV
- A pay TV broadcaster would need to bid a much higher price for the rights than FTA players – to make up for any shortfall in sponsorship revenues
- There has been some experimentation⁽¹⁾ with a “value add” pay TV package in addition to the FTA offering; but this has not been successful
- the package offered audiences more information, better camera angles, etc.
- however, the experiment was a failure as people were unwilling to pay a subscription for the extras

Note: (1) Sky launched ‘F1 Digital +’, a pay per view F1 product in 2002, but it was cancelled after only one year
Source: TV Sports Markets, SNL Kagan / Kagan Research, “The Guardian”, December 2002, BBC, Spectrum Value Partners analysis

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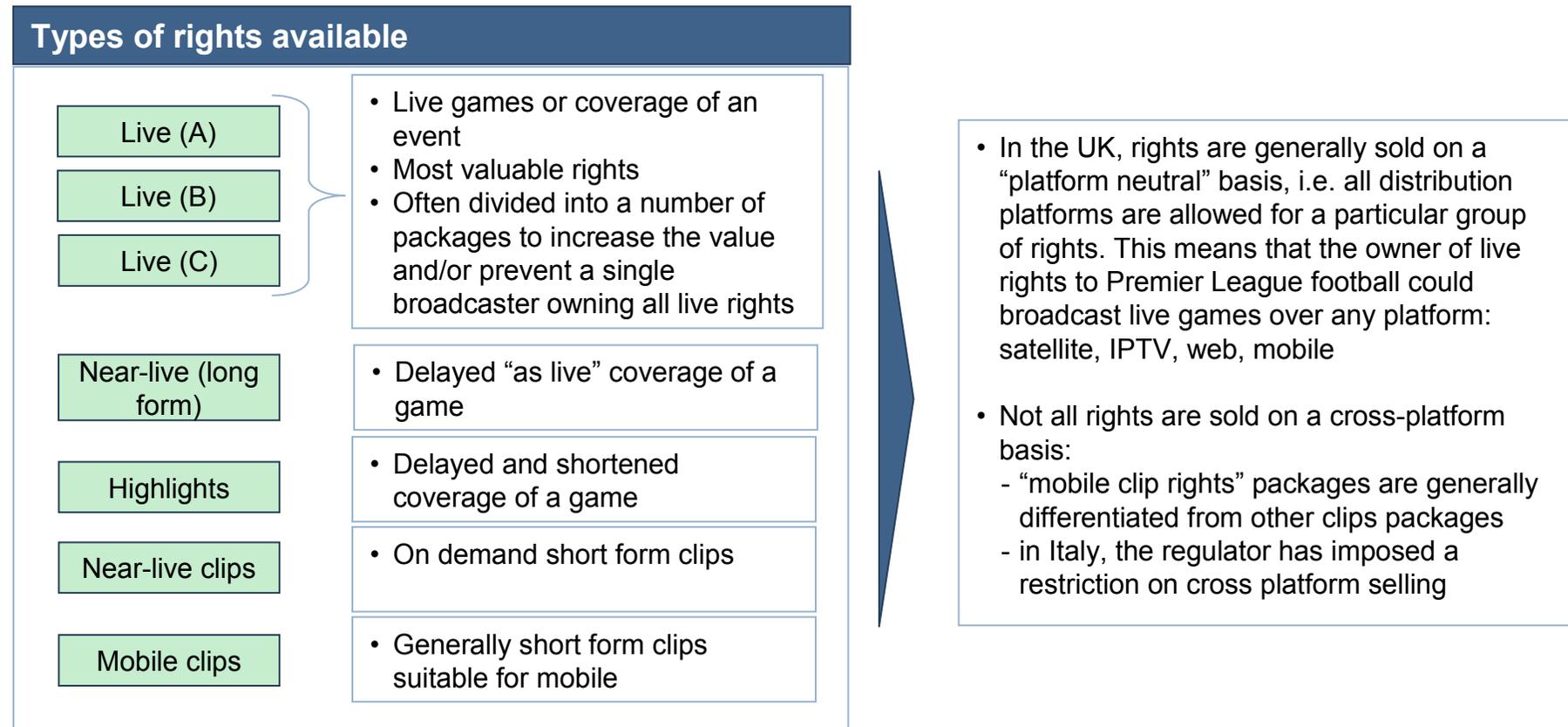
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Appendix

Sports rights are often sold in a variety of different packages - live rights tend to be the most valuable



Since 1990, the values of key properties have grown significantly, though growth since 2000 has been slower than in the 1990s

Sport	Early 1990s value (£m)	c.2000 value (£m)	CAGR ⁽¹⁾	Current value (£m)	CAGR
Premier League	15 (1990/91)	186 (1999/0)	31%	669 (2008/9)	16%
World Cup ⁽²⁾	3 (1990)	55 ⁽³⁾ (2002)	30%	110 (2010)	4%
Champions League	2 (1993/4)	65 (1999/0)	79%	85 (2008/9)	3%
FA Cup	3 (1990/91)	31 (2000/01)	26%	106 (2008/9)	17%
Summer Olympics ⁽²⁾⁽⁴⁾	5 ⁽⁵⁾ (1992)	59 ⁽⁵⁾ (2000)	36%	71 ⁽⁶⁾ (2012)	2%
Cricket	15 (1995)	26 (2000)	17%	52 (2008)	9%
Six Nations	6 (1991)	25 (2000)	13%	40 (2008)	10%

- Note: (1) CAGR = compound annual growth rate
(2) Annual CAGR's given despite events occurring on a four-yearly basis
(3) BBC/ITV paid £160m for 2002/6 World Cups. Given the unattractive kick off times of fixtures for the 2002 Finals in Japan/South Korea, the value was significantly lower at £55m relative to the following tournament in Germany which was valued at £105m
(4) 25% of total EBU figure used as an estimate of UK value
(5) Converted from US\$ using 1:1.5 exchange rate
(6) Converted from US\$ using 1:2 exchange rate

Source: Spectrum / Value Partners analysis

The EBU is a broadcasting union that represents the collective interest of broadcasters in Europe

- The **European Broadcasting Union is the largest association of national broadcasters** in the world
- The EBU “works to **ensure that the crucial role of public service broadcasters is recognised** and taken into consideration by decision-makers”⁽¹⁾
 - it promotes cooperation between broadcasters and facilitates the exchange of audiovisual content
- As of July 6, 2007, the **EBU had 75 active members from 56 countries**, and 43 associate members from a further 25. Members are radio and television companies, most of which are government-owned public service broadcasters or privately owned stations with public missions
 - **the UK has two members: the BBC** (founder member, member since 1950) and **UK Independent Broadcasting (UKIB)** (member since 1959)
 - . the UKIB is an affiliation of British independent television production companies and broadcasters, whose primary function is to represent non-BBC broadcasters’ interests at the EBU. Its members include ITV and Channel 4
- The **EBU acquires rights to major sporting events, such as the Olympics and the Tour de France** and makes events available to its members, in return receiving a contribution from broadcasters
 - the EBU also assists its members on technical issues and runs the “Eurovision” network, responsible for, amongst other things, the pan-European Eurovision Song Contest
- In the UK, the **BBC is the primary licensee for sports rights acquired by the EBU** as a result of its public service broadcaster (PSB) status and long-term relationship with the Union
- Members are **allowed to sub-license rights to other broadcasters** based on a series of guidelines set by the EBU, as is the case with Eurosport and the BBC in the UK

Note: (1) EBU website
Source: EBU website, bbc.co.uk

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