

Fonds Quebecor/Quebecor Fund **Guidelines**

Main Production Assistance Program (MPAP)

Quebecor Fund, which was originally known as Fonds du savoir (FDS) and then Vidéotron Fund, was established through Videotron, which provides annual contributions of approximately 4.6 million dollars to the Canadian industry in the form of grants from a broadcasting distribution undertaking (hereafter “BDU”). Quebecor Fund aims to support the production of projects made up of two components, which are the Canadian production of television programs with quality content and a value over time, and the production of an interactive multimedia component using information and communication technologies (hereafter “ICT”), including interactive television (hereafter “ITV”), video-on-demand (hereafter “VOD”) and/or mobile terminals, and necessarily high speed Internet.

Through financial aid for Canadian television programs, the Fund aims to foster, notably, the development of new broadcasting models for programs that include a complementary interactive component or that are intended to be distributed using new means or according to creative sequencing.

Television projects with quality content and a strong interactive component having agreements with a cable broadcasting company, a VOD service, any other video service on the Internet or on mobile terminals or any other platforms to be discovered will therefore be favoured.

Quebecor Fund is a non-profit organisation and a private fund incorporated as a company without capital stock, according to Part 2 of the *Canada Corporations Act*. Any recovery of participation in the capital or loans will be reinvested in the Fund.

The Board of Directors is comprised of six (6) members from the communications industry. The number of board members who are from a BDU is limited to a maximum of one third of the total number of Directors. The Board of Directors will make all decisions regarding Quebecor Fund, including its general policy orientations, and in so doing will take into account, notably, the guidelines contained in the present document. The Board of Directors bears sole and exclusive responsibility for its decisions regarding financing. Quebecor Fund’s day-to-day business activities will be managed by one of the Directors specifically designated by the Board.

DEFINITIONS

For the purposes of these guidelines as well as for other Quebecor Fund documents, the words and expressions used have the following definitions:

- **Agreement with an Internet services provider:** Any agreement which allows the applicant to demonstrate that the distribution via high speed Internet of the production's interactive content is assured;
- **BDU:** A broadcasting distribution undertaking as defined by the CRTC, for example a cable, satellite or micro-wave distributor;
- **Business plan:** A document establishing why, how and in what industry the applicant carries on his business;
- **Chain of intellectual property rights:** A document or a collection of documents which demonstrate that the applicant holds and controls fully and entirely all the rights, including all the copyrights, to produce, operate and distribute the production by all means, in all media, including Internet. The applicant must notably have the right to communicate to the public, to broadcast to the public, to execute and to represent in public, to reproduce and to publish the production in whole or in part, without time or territorial limitations, in French, English and Aboriginal languages, in all media, in any form or on any support known or to be discovered. The document or the collection of documents must also demonstrate that the applicant holds all economic rights relevant to the production and to the works it contains;
- **Combined budget:** Expression meaning the total of the detailed distinct budgets for each of the two main components, i.e. the linear television component and the interactive component, each divided by platform type, if applicable. The two forms put forward by Telefilm can be used: this means a TELEVISION budget for the linear television component and a NEW MEDIA budget for the interactive component;
- **Creative artists:** Persons employed by the producer and who are responsible for the conception, creation, interpretation, production and completion;
- **Creative distribution sequencing:** A distribution order that will lead to a better use of distribution windows or sequences than traditional sequencing. The order must differ from the usual format used for television programs. For example, an independent producer could choose the following distribution order: video-on-demand service, pay-per-view television, subscription television, traditional television, specialised channels Internet and mobile terminals;
- **Distribution means synchronization:** A short description of the synchronization of the various means of distribution used, technology and media, allowing their convergence as well as user interactivity;
- **ICT:** Information and communication technologies;

- **Interactive component:** For this component, several digital technologies are used on the following platforms: the Internet, ITV, VOD and mobile terminals. Some platforms allow, among other things, the following types of interactivity: interactive games for multiple players, video sequencing, interventions pertaining to the content of the various components, communication with members of a network created as part of a television series and platform synergy;
- **Interactive television (ITV):** Through ITV, the viewer becomes “a player” thanks to ITC tools and services. He can react, choose, search, etc. ITV allows for two-way communication between the supplier and the user, namely with Vidéotron’s Illico Digital TV service;
- **ITV Application:** An application designed to be used by a user through a digital decoder;
- **Linear television component:** The linear television component refers to programs presented on a broadcasting platform according to a specific program schedule established by a broadcaster. Programs are composed of chronological visual sequences and it is impossible for the viewer to intervene in the unfolding of the show.

This linear service can also be offered on VOD and mobile terminals.

For example, a viewer could watch a live broadcast of a unique cultural or educational event on VOD or a mobile terminal. The event would be recorded and then broadcasted or downloaded on one of those platforms at the request of the viewer and the moment of his choice;

- **List of production projects:** The applicant’s *curriculum vitae*, in which the relevant productions he has produced will be listed;
- **Market study:** A succinct analysis of the production content’s intended clientele as well as a description of how said clientele is to be reached;
- **Mobile terminals:** Mobile terminals are platforms that allow for the broadcasting of television programs with their multimedia content and for the digital transmittal of data and communication based on Internet Protocol. These are cellular phones, portable digital players, game consoles, etc. They are by definition digital since they are used to send and receive data;
- **Navigation architecture:** An organisation chart establishing the general navigational structure for the program content;
- **New distribution means:** Includes among other things television programs that are intended to be first viewed by clients of video-on-demand services or video-on-demand subscription services, or distributed exclusively in digital format on authorised specialised channels, as well as IP broadcasting in ITV format, on mobile terminals or other type of screen;

APPENDIX A

- **Paper model:** A document establishing the characteristics of the learning system of the production, its functionalities, its graphical, audio-visual and software treatment, the way content will be treated, etc., with a view towards creating a framework and detailed parameters in order to guide the realisation of the production;
- **Pedagogical approach:** A document describing the learning dynamics of the program, the characteristics of the clientele, and the cognitive, affective and psychomotor objectives of the subject-matter as well as the learning approach chosen;
- **Platform:** A platform is a technology that can receive television contents and other multimedia contents associated with them. These are for example televisions, Internet, mobile terminals, ITV and VOD;
- **Production:** A series of quality-content programs intended for television and to be broadcasted by a duly licensed Canadian PU, and an interactive multimedia component using platforms such as ITV, VOD and/or mobile terminals, and necessarily high speed Internet;
- **PU:** A programming undertaking, holder of a licence from the CRTC for the program broadcasting;
- **Proof of citizenship:** Any original or certified copy of an original document establishing the citizenship of the creative artists and of the applicant producer;
- **Proof of financing:** Any documentation that demonstrates a formal commitment or promise with respect to the production which is the object of an application to Quebecor Fund;
- **Quality-content television programs:** A television program with a high-quality content that is well developed and researched, and guarantees some durability, meaning that it will maintain its value over time. The quality of the content can be based, notably, on educational or educational/entertainment aspects;
- **Scenario:** A document describing in detail the scenes in the program and that would enable a professional director to direct that program;
- **Synopsis:** The main gist of the scenario;
- **Treatment:** A description of the artistic and technical means used in order to realise the production;
- **VOD:** Video on demand.

OBJECTIVES

Quebecor Fund aims to support the production of projects made up of two components, which are the Canadian production of television programs of an educational and educational/entertainment nature and the production of an interactive multimedia component using namely platforms such as ITV, VOD and/or mobile terminals, and necessarily high speed Internet, the whole in French, English and Aboriginal languages. The programs are to be broadcast by a broadcaster who holds a Canadian programming licence. The interactive multimedia part of the production is to be made available via high speed Internet. An ITV application can be developed for the purpose of broadcasting on a digital decoder.

Please note that Quebecor Fund favours projects that use advanced technologies permitting interactivity at the television production level as well as at the level of multimedia intended for high speed Internet.

More specifically, Quebecor Fund's objectives are to:

- Satisfy and surpass the CRTC's requirements in terms of Canadian content;
- Financially support the production of original Canadian television programs that offer quality content and are intended for the general public or specific viewers;
- Offer the Canadian public better access to Canadian television programs broadcasted using new distribution means, and increase their interest toward those means;
- Reach new audiences with original television programs broadcasted according to new distribution sequencing;
- Foster the development of new television models, including ITV and programming and Internet content synchronisation, to make the best possible use of creative Canadian resources regarding the creation and distribution of television programs using ICTs;
- Encourage partnerships between the broadcasting industry, the telecommunication industry and the ICT industry in order to develop new markets;
- Enrich Canadian television programs by offering training to Canadians who are often underrepresented, including women, persons with disabilities, Aboriginals, and visible minorities.

FINANCIAL CONTRIBUTION

Quebecor Fund's contribution to admissible projects will take the form of a non-reimbursable financial contribution and will constitute a supplement to the rights paid for broadcasting on the Internet and to the rights paid by a PU in order to broadcast the production. The maximum contribution by Quebecor Fund for each admissible project will be \$500 000, notwithstanding the following.

The rights paid by a PU for the broadcasting of a given production will have to be equivalent to at least 15% of the total budget of the project, including, inter alia, the budget for the television program aspect and the budget for the interactive multimedia aspect using namely platforms such as ITV, VOD and/or mobile terminals, and necessarily high speed Internet (hereafter collectively referred to as the "combined budget"). In the case of a PU that, given the conditions of its licence, is not mainly financed by a government or via subscription revenues or via revenue generated through the sale of advertising, Quebecor Fund will accept that the broadcasting fee be a symbolic sum of one dollar.

The contribution by Quebecor Fund will not exceed 35% of the combined budget.

However, when this project is broadcast by a PU that, given the conditions of its licence, is not mainly financed by a government or via subscription revenues or via revenue generated through the sale of advertising, Quebecor Fund's contribution may be as much as 50% of the combined budget.

DEADLINE FOR FILING AN APPLICATION

Any application sent to Quebecor Fund must be fully completed at the latest on each 1st of April and October of each year, or the first working day following these dates should they fall on a weekend or a statutory holiday, before 4:00 p.m., at Quebecor Fund's offices located at: 1030 Cherrier, suite 503, Montréal, (Quebec), H2L 1H9, to the attention of Mr. Serge Thibaudeau, President and General Manager.

ADMISSIBILITY

a) Admissible applicants

Projects for which a financial contribution is requested may come from either one or several producers, as long as the project, whether on the television level or the interactive multimedia level using the various platforms, including necessarily high speed Internet, be dealt with as a single project and that a single application be filed with Quebecor Fund. Moreover, in the case of a project filed in the context of a co-production or partnership, a single representative must be given full authority in dealing with Quebecor Fund; throughout the process, any and all transmissions of documents will have to combine and include all aspects of the project.

APPENDIX A

Applicants must satisfy the following criteria in order to be admissible:

- The applicant's main activity must be that of the production of audio-visual programming;
- The company must have a distinct legal personality and be under Canadian control;
- The company must be operated in Canada and its head office must be situated in Canada;
- An applicant affiliated with a PU can have access to Quebecor Fund financing as long as it is a distinct juridical entity from the PU and that the latter, in virtue of the conditions stipulated in its licence, is not mainly government-financed. Quebecor Fund will limit its contribution to such applicants to 1/3 of total resources;
- Quebecor Fund will give preference to members of a recognised association of audio-visual or multimedia producers;
- The applicant will have to demonstrate that its financial situation is good and that it has experience relevant for the production of the project outlined in its application;
- An applicant may receive one (1) Quebecor Fund contribution, resulting in a maximum of one (1) project per round of financing. So that a second project, this one presented in the twelve (12) months following the acceptance of a first project, is considered acceptable, the producer will have to show his capacity in the long term to carry out the whole of his projects presented at the Quebecor Fund;
- The applicant must file a project whose first broadcasting date is subsequent to the limit date for filing the demand.

b) Admissible projects

The following projects are admissible for a Quebecor Fund contribution and can therefore form the basis for an application:

- Projects must include two aspects, that is, one aspect related to the broadcasting of quality-content television program by a duly licensed Canadian PU, and the production of an interactive multimedia component using namely platforms such as ITV, VOD and/or mobile terminals, and necessarily high speed Internet product;
- The Internet site that is part of the production will have to remain accessible for a minimum period of three (3) years from the first broadcast of the first television program, the quality and good working order of the site being at all times the

APPENDIX A

producer's responsibility. The site will have to be accessible via a domain name that will only contain the name of the production. In addition to this domain name, another domain name containing words or names other than the title of the production may also be used, but under provision of obtaining Quebecor Fund's approval as to the other words or names and as to the user modes of this domain name. The site will have to contain a link to the Quebecor Fund site and shall be accessible notably via general portals;

- It is understood that the Quebecor Fund financial support shall not be used to develop sections of the site where it would have commercial transactions such as selling products or services;
- The Producer can produce a version of the site intended for interactive television (an ITV version) and must take any steps and reach any agreements necessary to make this version accessible to the public at the moment of the first broadcast of the premiere of the television program. The ITV site should remain accessible for at least the total duration of the broadcasting season, and possibly for an additional period in order to announce results, winners and/or any other information that may remain topical after the program has finished its run. The producer must host its site on a different server than that of the ITV platform provider. The Producer is at all times responsible for the quality and smooth operation of the site. The Producer must be sure to inform the ITV platform provider of this program's broadcasting schedule, as well any changes made to it;
- The projects must promote the acquisition by the Canadian public of knowledge, skills, behaviours, or a combination of the three;
- Are not admissible to a contribution from Quebecor Fund, notably, sports programming projects (Category 6 according to the CRTC categories), current affairs type reports (Category 3 according to the CRTC categories) or news programming (Category 1 according to the CRTC categories), promotional projects such as infomercials or reports of a promotional nature, internal content reports or other promotional interlude programming commonly used by the PUs, games developed for the video arcade market, products developed exclusively for stand-alone devices such as CD-ROMS, DVDs or any other stand-alone device currently in use or to be developed in the future, as well as fully-sponsored projects;
- Is admissible, an international production approved by Telefilm Canada as a co-production that is the object of an official agreement, the whole insofar as all the other Quebecor Fund criteria are respected;
- The production project will have to be produced by Canadian creative artisans and be aimed at Canadians, it being understood that the production must obtain the certification of Canadian production as established by the accreditation system of the Canadian Radio-television and Telecommunications Commission (CRTC);

APPENDIX A

- The applicant must prove that a PU has acquired a license for each distribution window, according to industry standards, and submit to Quebecor Fund a written commitment by the PU to the effect that it will broadcast the production in Canada within two (2) years from the end of production. The payment of the licence must be made entirely in cash and may not be partly paid in services. The payment must constitute a pre-sale and has to be totally invested by the applicant in the production;
- The applicant must also have entered into a service agreement with a high speed Internet provider so as to ensure high-speed electronic distribution of the interactive and multimedia components of the project, as well as to allow the periodic updating of the Internet site, when applicable;
- If applicable, the applicant must have concluded an agreement with a provider of ITV services on mobile terminals and supply the appropriate documentation regarding the broadcasting terms and resources implemented;
- A reasonable proportion of the project's combined budget must be specifically allocated to the issue of the product's compatibility with the ITV provider's platform;
- The applicant must hold all rights in order to be allowed to produce, broadcast and completely carry out the production, as well as have a permanent financial interest in the project. The applicant must provide Quebecor Fund with the chain of intellectual property rights to be able to demonstrate that he respects this requirement. In the case of a co-production, the sum of the rights of each co-producer must total all the rights of any nature whatsoever, including authorship rights, to allow the producing, broadcasting and complete operation of the production, without notably time or territorial limitations and the chain of intellectual property must demonstrate that this requirement is respected;
- Projects which include narration, dialogue or songs must provide for close-captioning for the hearing impaired, except if the program is a project designed for children under five (5) years old, or if it is a program using an Aboriginal language that does not support the use of the Latin alphabet. Sub-titling must be done in Canada, by a company under Canadian control. The sub-titling costs must be included in the project's budget;
- The Quebecor Fund logo, as well as the following mention: "with the financial support of Quebecor Fund", must appear in the television program credits, on the Internet site, and in all the advertising and promotional material of the production.



REQUIRED DOCUMENTATION

Any request for a financial contribution by Quebecor Fund must be done using the application form found in electronic format at Quebecor Fund's web site, at the following address: www.fonsquebecor.ca.

NB: We ask that you place the following documents in ring binders so that it will be easier for us to remove certain parts. The use of tab dividers is also recommended. You must submit three (3) copies of all the documentation, including the application form. Thank you for your collaboration.

* We ask that you also send us an electronic version of the first seven (7) documents that are marked by an asterisk at info@fonsquebecor.ca. Please respect the nomenclature indicated below to title each document.

PRODUCTION	APPLICANT
<ul style="list-style-type: none"> ➤ *The <u>application form</u>; ➤ *The <u>complete summary, not exceeding three (3) pages</u>, of the main elements to evaluate the television project and the interactive multimedia component; ➤ *The complete <u>description of the project</u> (synopsis, treatment, scenario and paper model); ➤ *A detailed description of the <u>ITV components and other platforms</u>; ➤ *The description of the <u>distribution means synchronization</u>; ➤ *The <u>navigation architectures</u>; ➤ *The realisation and production <u>timetable</u>; ➤ A copy of the <u>letters of agreement</u> and relevant contracts, notably the PU's broadcasting licence, the written commitment by the PU to the effect that it will broadcast the production in Canada within two (2) years from the end of production, the service agreement with a high-speed Internet service provider, the agreement for any other platform, if applicable; ➤ The <u>chain of intellectual property rights</u>; ➤ <u>Curriculum vitae</u> of the creative artists and proof of citizenship; ➤ In the case of an <u>international co-production</u> by virtue of an <u>official agreement</u>, a copy of the request to Telefilm Canada for an anticipatory decision or a copy of the decision itself; ➤ <u>Proofs of financing</u>; ➤ The <u>market study</u>; ➤ The <u>detailed distinct budgets for each of the two main components divided by platform type</u>. For the linear television component, please identify the costs allocated to traditional television and, if applicable, VOD and mobile terminals (e.g. phones, game consoles, portable digital players, etc.). For the interactive component, please segregate the costs associated with the Web, ITV, VOD and mobile terminals (to be identified for each aspect, if applicable). Please use the two forms put forward by Telefilm: TELEVISION for the linear television component and NEW MEDIA for the interactive component); ➤ <u>Pedagogical objectives and approach</u>, if necessary. 	<ul style="list-style-type: none"> ➤ A <u>presentation of the applicant</u> as well as a list of previous accomplishments; ➤ The applicant's <u>business plan</u>; ➤ A copy of the <u>constituting acts</u> and <u>articles of incorporation</u> of the applicant corporation, indicating that it has been incorporated under the laws of Canada and that it is under Canadian control; ➤ The most recent audited <u>financial statements</u>; ➤ The <u>insurance policies</u> in effect for the applicant and/or the project.

ADMINISTRATIVE PROCEDURES

Evaluation process

- A confirmation of receipt will be sent to each applicant within fifteen (15) days of the reception of the application at Quebecor Fund offices;
- The applicants will be informed, as quickly as possible, of any missing documents or information so as to allow them to complete their file before the deadline. Quebecor Fund will not send more than one notice to that effect;
- Any completed application will be evaluated within eight (8) weeks of the official filing date;
- The applications will be evaluated based, among other things, on the guidelines found in the present document, the creative, technical and financial aspects of the proposed project, as well as on its marketing plan;
- The Board of Directors has complete discretion regarding the interpretation of the present document as well as with respect to the evaluation and analysis of any and all applications;
- The applicants will be notified as quickly as possible of the Board of Directors' decision. Moreover, Quebecor Fund has no obligation whatsoever to justify or motivate its decision to refuse an application. Quebecor Fund will not comment publicly on the reasons motivating its refusal of an application, unless it is legally obligated to do so;
- The applicant whose project is approved by the Board must, within ninety (90) days of taking cognisance of said decision, definitively complete the financing of the project. Should said definitive financing not be completed within this time period, Quebecor Fund's contribution may be cancelled, the whole at the sole discretion of the Board of Directors.

Reporting and follow-up

An applicant whose project has been accepted for funding must then sign an agreement with Quebecor Fund. No obligation can be imposed upon Quebecor Fund until after the signing of said agreement. The agreement will set out the conditions for Quebecor Fund's financial contribution, and Quebecor Fund's obligations will be limited to those expressly provided for in that agreement.

A copy of the completed production must be forwarded to Quebecor Fund, at the producer's expense, at the latest one (1) month after the date of the end of production and at least one (1) working day before the date of its first broadcast.

Follow-up reports must thereafter be sent by the producer every year, for the first three (3) years after the delivery of the production. Moreover, an audited statement of production costs must be sent to Quebecor Fund at the end of the production's first complete financial year.

Notes

Quebecor Fund reserves the right to modify the present document and to formulate new orientations and policies as well as to add or remove new programs according to circumstances.

However when a written agreement is already concluded between Quebecor Fund and a producer nothing would modify said agreement without the producer consent.

Any applicant to Quebecor Fund hereby exonerates Quebecor Fund, its managers, directors, employees, agents and representatives from any responsibility in the eventuality of loss, theft or destruction of documents furnished with an application. Quebecor Fund may keep or destroy any application and its accompanying documents at its sole discretion.

Any applicant also hereby authorises Quebecor Fund to discuss a particular application with third parties, for any purpose Quebecor Fund may deem necessary, and to obtain and communicate any information deemed useful in considering the application.

Without limiting the generality of the foregoing, any applicant authorises Quebecor Fund to receive and communicate to public authorities the complete financial statements of each production.