

Česká televize
IČO/ ID No.: 00027383

a/ and

M7 Group S.A.
DIČ/ VAT ID No.: LU 23515315

**SMLOUVA O SATELITNÍ DISTRIBUCI /FREE TV SATELLITE DISTRIBUTION
AGREEMENT**

č./ No.: 1080260/234

Předmět smlouvy/ Subject-Matter of the Agreement:

Satelitní distribuce/ satellite distribution

Cena, případně hodnota/ Price or (as the case may be) Value: **24 300 000 Kč**

Datum uzavření/ Date of Signing: 15.11.2016

FREE TV SATELLITE DISTRIBUTION AGREEMENT

This Free-TV satellite distribution agreement is effective on 15.11.2016, by and between,

1. **M7 Group S.A.**, having its seat in Luxembourg, Rue Albert Borschette 2, L-1246 Luxembourg, registered with the register of commerce and companies under number B 148.073, herewith duly represented by its Directors J.B. Troelstra and E.J. van Rooijen, hereinafter referred to as "Operator",

and

2. **Česká televize**, having its seat in the Czech Republic, Kavčí hory, Na Hřebenech II 1132/4, 140 70 Praha 4, Company identification No.: 00027383, VAT identification No.: CZ00027383 established by the Act No. 483/1991 Coll., on Czech Television with no requirement for registration in the Commercial Register, herewith duly represented by Petr Dvořák, the General Director, hereinafter referred to as "Programmer",

hereinafter jointly referred to as "the parties" and each "a party",

WHEREAS:

- a. Operator is the licensed owner of the Distribution Platform. Operator has leased transponder capacity on various satellites for the transmission in digital format of television and audio programme services;
- b. Programmer is a broadcaster who is the licensed owner of the Channels, and who has the right to broadcast the Channels;
- c. Programmer has conducted a tender process in line with an exception from the Procurement law during month of October 2016. Subject of the tender, as outlined in the Information Memorandum, was to request for a complex service of distribution of the Channels to viewers in the territory of the Czech Republic;
- d. This agreement is concluded as an outcome of the Operator's winning bid submitted within the tender process and thereby agreeing to the terms and conditions as set out in the Information Memorandum.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. Definitions

- 1.1. The following terms shall be defined as set forth in this section and shall include the plural as well as the singular.

Access Fee

Monthly fee charged by Operator to its subscribers for the technical access to its Basic TV Tier.

Free-TV

A free to view television channel, meaning that no fee or royalty is charged to Operator's subscribers for viewing the content of the Channel. The Operator is aware of the fact that Programmer has only the broadcasting rights for

Affiliates	Free-TV, but not for Pay-TV. In relation to any party, any legal entity which directly or indirectly: (i) is controlled by that party; (ii) controls that party; or (iii) is under common control with that party. "Control" means the right to exercise, directly or indirectly, more than 50% of the voting rights attributable to the shares of a company or otherwise the ability to direct or cause the direction or management of a company.
Agreement	This agreement, including all Annexes hereto, as may be amended from time to time.
Annexes	The annexes attached to this Agreement, which at the Start Date consist of: Annex 1: Specifications Annex 2: Fees Annex 3: Service Level Agreement Annex 4: Information Memorandum including all amendments
Associates	All officers, employees, affiliates, consultants, auditors, suppliers, agents, contractors or sub-contractors.
Basic TV Tier	means the tier of television channels and services to which all subscribers to Operator's TV channels must subscribe in order to receive one or more of the television channels and services, packaged by Operator and distributed on the Distribution Platform. The Basic TV Tier must only include Free-TV channels, to the exclusion of Pay-TV channels.
Czech TV Card Demarcation Point	A card supplied by Operator that receives only Channels. The point up to which Programmer shall deliver the signal of the Channel, and where Operator will pick-up the signal for further distribution, as further defined in Annex 1 .
Channels	The television programmes, which are broadcasted by and under the responsibility of Programmer 24 (twenty four) hours per day, 7 days a week, as further defined in Annex 1 , including all audio and data signals associated with such television programmes.
Delivery Failure	any material disruption, discontinuance or interruption in or other interference with the transmission of the Signal from the Programmer's broadcasting premises to the Demarcation Point.
Distribution Failure	any material disruption, discontinuance or interruption in or other interference with the transmission of the Signal from the Demarcation Point to viewing audience.
Distribution Platform	The Skylink digital encryption platform operated by means of a satellite-delivered television service directed to the viewing audience in the territory of the Czech Republic.
Fee	The fee due by Programmer to Operator as defined in section 4.1 hereof.

Information Memorandum Lease	Is the document included as Annex 4 has the meaning given to it under section 2.1
Satellite Signal	A satellite at the 23.5° East orbital position. the signal of the Channel, according to the specifications as set forth in Annex 1.
Specifications	The technical specifications attached hereto as Annex 1 .
Start Date	15 November 2016
Term	The term of this Agreement as defined in section 3.1.

2. Satellite Capacity

- 2.1. Operator provides a service as per articles 6.1-6.6, that includes leasing of the satellite transponder capacity to Programmer (the "Lease"), to distribute the Channels by the Satellite to end-users.

3. Term and termination

- 3.1. This Agreement enters into force on the Start Date for the period of 36 months subject to obligation under article 9.
- 3.2. Either party may terminate this Agreement by written notice with immediate effect, and without prejudice to any other rights or remedies by law or pursuant to this Agreement:
- if the other party is in breach of this Agreement and has failed to remedy such breach within 30 days after written notice thereto, provided however, that such notice period shall not be required if such breach is not capable of being remedied;
 - if the other party has filed a petition in bankruptcy, is insolvent or has sought relief under any law related to its financial condition or its ability to meet its payment obligations;
 - if any involuntary petition in bankruptcy has been filed against the other party or any relief under any law related to the other party's financial condition has been sought by any creditor(s).
- 3.3. Termination or expiry of this Agreement for whatever reason shall not relieve the parties of liabilities and obligations, arising from this Agreement, which have accrued before the date of such termination or expiry, nor of any liabilities that survive termination of this Agreement.

4. Fees, Payment Terms and Reporting

- 4.1. In consideration of the Services as described in section 6 provided by Operator under this Agreement, Programmer shall pay to Operator a fee as determined in Annex 2, exclusive of value added tax ("the Fees").
- 4.2. If Operator is required pursuant to any applicable law, rules or regulations of any competent governmental or other administrative body to make any deduction or withholding in respect of tax or otherwise from any amounts due to Programmer hereunder, Operator shall pay such withheld amount to the relevant authority and provide Programmer with a certificate evidencing such payment.

5. Delivery of the Channel by Programmer

- 5.1. Programmer shall deliver the signal of the Channels to the Demarcation Point as agreed between the parties at no cost to Operator. Programmer agrees that the quality of the signal of the Channel as delivered by Programmer shall be in accordance with the Specifications, without interruption or interference.
- 5.2. Programmer shall, according to the communication protocol mentioned in Annex 3, notify Operator in case of a Delivery Failure.
- 5.3. If a Delivery Failure exceeds a period of ten or more consecutive days, or a continuous period of at least fifteen minutes per day during thirty days or more (whether consecutive or not) in any consecutive ninety day period, then Operator may terminate this agreement by notice to Programmer in writing.
- 5.4. Programmer shall give written notice of changes regarding the delivery of the Signal to Operator as soon as possible but in any event thirty days prior to such change. Should the change impact the Subscribers' ability to receive the Channel, the parties shall work toward a solution to eliminate or minimize such impact as much as possible. Should the required work to implement these changes result in claims against, or material costs to be spent by Operator, Programmer shall reimburse these costs to Operator.
- 5.5. In case of planned (possible) interruptions of the delivery of the Channel, such as for technical maintenance, Programmer shall inform Operator ahead of time with a minimum of ten business days, exceptions to be agreed between the parties. Planned (possible) interruptions of the delivery of the Channel by Programmer are only allowed between 00:00 and 06:00.
- 5.6. Programmer has full editorial control and responsibility over the Channel at all times. The selection of the programs, renaming, substitution, termination or cancelation of the Channels or parts thereof shall remain at all times with Programmer and at Programmer's sole discretion. Programmer warrants that the content of the Channel and the broadcasting (of the signals) thereof are in compliance with all relevant applicable laws and regulations.
- 5.7. Furthermore Programmer hereby grants a non-exclusive right to Operator to use the details of the programme schedules of the Channel in its TV Schedule.
- 5.8. Programmer hereby grants a non-exclusive right to use the trade names, trade marks and/or the logos of the Channel to Operator for the purpose of promoting the Channel in the Operator's publications, websites and marketing campaigns.
- 5.9. Programmer will promote the fact that the Channel is available on the Distribution Platform in its communication to the public via, for instance, its web sites and on the Channels in good faith, at its own expense.

6. Distribution of the Channel and other services by Operator

- 6.1. Upon receipt of the signal at the Demarcation Point, Operator shall provide the following technical services:

- a) Delivery of the Signal from the Demarcation point to the Operator's technical infrastructure;
- b) Remultiplexing, modulation of the Signal;
- c) Uplinking of the Signal;
- d) 24/7 monitoring of the Signal using the Operator's existing monitoring and control systems.

Operator shall obtain and maintain such satellite transponder capacity, digital compression equipment, transmission and uplinking facilities and equipment and other hardware and software as may be required to fulfil its obligations set out in this section.

- 6.2. Operator is obliged to distribute the Channels as part of its Basic TV Tier services to its subscribers in the Czech Republic, via the Distribution Platform.
- 6.3. Operator may bundle the stand-alone Basic TV Tier services with other services which it offers as long as no buy-through requirement is requested for the access to the stand-alone Basic TV Tier service and that the Free-TV character thereof is maintained. Operator may only charge subscribers an Access Fee, as part of its package, however this charge cannot be increased based on inclusion of the Channels in the Basic TV Tier. Operator must not charge any content related fee to subscribers.
- 6.4. Operator is not entitled to distribute the Channels to other platform operators and to use the Channels or any part of content broadcast for any other service or purpose than set out in this Agreement, unless Operator receives the written request to do so from the Programmer.
- 6.5. Operator shall supply Programmer, at no cost to Programmer, with 10 smart cards allowing Programmer to decrypt and receive the signal of the Channels.
- 6.6. Programmer further guarantees that it has cleared or will clear all intellectual property rights with the respective owners of these rights or with collective rights organisations in connection with the transmission, broadcasting, reception and distribution of the Channel by Operator under this Agreement and undertakes to guarantee, to fully indemnify and to keep Operator harmless to this effect.

7. Czech TV Cards

- 7.1. Operator shall supply Programmer, upon a request, at the price of CZK 250 without VAT, with smart cards that will make available to the viewers only Channels ("the Czech TV Card"). The Czech TV Cards shall be valid during the Term of this Agreement and Operator is not allowed to charge any additional fee to such viewers.
- 7.2. Upon Programmer's request, Operator agrees that it will enable its subscribers to convert their Skylink smart cards into the Czech TV Cards, at no additional fee charged to such subscribers.

8. Notices

- 8.1. All notices to be sent under this Agreement to Programmer shall be sent to:

Česká televize
Vedoucí Centralního nakupu
Kavčí hory, Na Hřebenech II 1132/4
140 70 Praha 4

Fax: [REDACTED]

Email: [REDACTED]

- 8.2. All notices to be sent under this Agreement to Operator shall be sent to:

M7 Group SA
Legal Department
Rue Albert Borschette, 2
L-1246 Luxembourg

Fax: [REDACTED]

Email: [REDACTED]

- 8.3. All notices to be given under this Agreement shall be in writing and shall be initially sent by fax or email, together with a confirmation copy which shall be delivered personally or sent by registered prepaid post, and shall be deemed duly served on the day mentioned on the delivery notification issued by the recipient's email server or on the transmission confirmation report produced by the sender's fax machine.
- 8.4. A notice shall be validly addressed to the last known address of the party concerned or to such other address as that party shall have previously notified to the other.

9. Confidentiality and publication

- 9.1. The parties agree that the content of this Agreement, as well as any information that may have come to either party's attention during the process of negotiation preceding the execution of this Agreement and/or its fulfilment, is considered to be confidential and neither party shall be authorized to disclose to any third party such information without the prior written consent of the other party. This prohibition remains in effect after the

performance of the Agreement is completed or terminated, with the exception of information: (i) that came to the other party's attention independently of the other party; (ii) that Programmer provides to third parties in relation to the preparation, production, distribution and/or promotion of its program content to which this Agreement relates and/or in relation to its own promotion (with the exception of information marked by the Operator as its trade secret); (iii) that a party provides or makes public based on a legal regulation or enforceable decision of a court and/or authorized administrative body; and (iv) that a party provides to its specialist advisors and/or other associates equally bound by the legal or contractual duty of confidentiality. This Agreement falls under the obligation to make the contents of this Agreement public based on the Act on Registration of Agreements (Act No. 340/2015 of the Czech Collection of Laws – hereinafter as the “Act on Registration of Agreements”), information in this Agreement highlighted in yellow shall be redacted (blackened out) pursuant to the Act on Registration of Agreements upon mutual agreement. Such redacting shall be implemented especially in cases of, but not limited to, trade secrets that are subject to the appropriate measures of the parties to keep such information confidential. After publication of the Agreement pursuant to the Act on Registration of Agreements, information not highlighted in yellow shall not be subject to the duty of confidentiality pursuant to this provision. Only Programmer shall be entitled to make this Agreement public pursuant to the Act on Registration of Agreements within the time period of 80 days commencing upon its execution. Provided that Programmer does not make the Agreement public within this time period, either party shall be authorized to make the Agreement public pursuant to the Act on Registration of Agreements.

10. Compliance/ authorization

- 10.1. Each party represents and warrants that it has obtained as at the date hereof, or will obtain prior to the Start Date, all necessary regulatory permissions, licences and approvals (if any) in relation to the performance of its obligations under this Agreement and will not knowingly do or permit anything to be done nor knowingly omit to do anything which might cause any such permissions, licences and approvals to be suspended or revoked.
- 10.2. Programmer guarantees that, at its own costs, it has acquired and will maintain all necessary broadcasting licenses, permits and authorizations in connection with the transmission, broadcasting, reception, distribution of the Channel under this agreement, and Programmer undertakes to guarantee and indemnify M7 to this effect.
- 10.3. Both parties represent and warrant that they possess full power and authority to enter into and to perform this Agreement.

11. Entire Agreement; amendments

- 11.1. This Agreement and its Annexes, contain the entire understanding of the parties with respect to the subject matter hereof and all prior agreements, undertakings and understandings are considered to have been merged herein.
- 11.2. No alteration, modification or waiver of any of the terms of this Agreement shall be binding unless in writing signed by both parties.

12. Force Majeure

- 12.1. Neither party shall be liable to the other for any delay or non-performance of its obligations hereunder arising from an event constituting Force Majeure, such as an act of God, satellite failure, unpreventable breakdown of facilities, legal enactment or governmental regulation or directives. The party so delaying or failing to perform shall use all reasonable efforts to resume performance of its obligations as soon as possible provided that if performance is not resumed within 60 days the other party shall be entitled to terminate this Agreement forthwith upon notice in writing to the other.

13. Limitation of Liability

- 13.1. Save in respect of Programmer's obligations under sections 5.6 and 6.6 hereof, in no event shall a party be liable to the other party for direct damages above the amount of Fees payable per calendar year hereunder or for any special, indirect, incidental, consequential or exemplary damages, including without limitation loss of profits, loss of customers or goodwill arising in any manner from this Agreement and the performance or non-performance thereof. This limitation does not apply in case the damages arise due to grave negligence or intent of either party.

14. Assignment

- 14.1. Neither party shall assign or transfer this Agreement, in whole or in part, without the prior written consent of the other. Both parties shall be entitled to assign or transfer this Agreement, in whole or in part, to Affiliates on the condition that the performance of this Agreement is guaranteed by the assigning or transferring party.

15. Relationship

- 15.1. Nothing in this Agreement shall be deemed to create any joint venture, partnership or principal agent relation between the parties hereto, and no party shall hold itself out in advertising or otherwise in any manner that would indicate or imply any such relationship with the other.

16. Invalidity and Severability

- 16.1. In the event that any of the provisions of this Agreement shall be found by any court or administrative or regulatory body of competent jurisdiction to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect the other provisions of this Agreement and all provisions not affected by such invalidity or unenforceability shall remain in full force and effect.
- 16.2. The parties hereby agree to substitute any invalid or unenforceable provision with a valid or enforceable provision that achieves as much as possible the economic, legal and commercial objectives of the invalid or unenforceable provision.

17. Waiver

- 17.1. A waiver by either party of any breach or default by the other party will not be construed as a continuing waiver of the same or of any other breach or default under this Agreement. No such waiver shall be effective unless in writing signed by the party charged therewith.

18. Headings

18.1. The headings in this Agreement are inserted for ease of reference only and shall not affect the construction of this Agreement. Unless the context otherwise requires, words denoting the singular shall include the plural and vice versa and words denoting any one gender shall include all genders and words denoting persons shall include corporate and unincorporated associations and partnerships.

19. Governing law and jurisdiction

19.1. This Agreement shall be governed by and construed under the laws of the Czech Republic.

19.2. All disputes that the parties cannot amicably resolve shall be submitted to the exclusive jurisdiction of the Court of the Czech Republic.

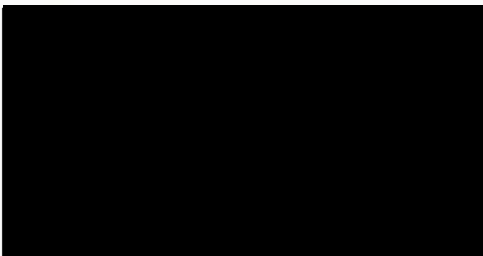
20. Annexes

20.1. The following annexes constitute integral part of this Agreement:

- Annex No. 1: Specifications
- Annex No. 2: Fees
- Annex No. 3: Service Level Agreement
- Annex No. 4: Information Memorandum

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on 15.11.2016.

For and on behalf of:
M7Group S.A.
(Operator)

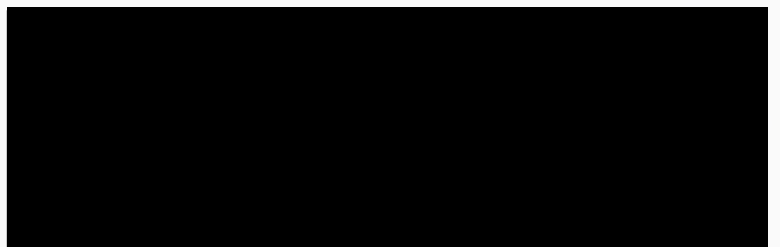


Name: J. B. Troelstra
Title: Director



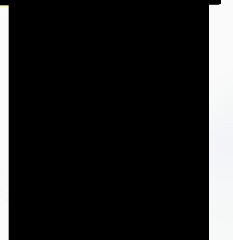
Name: E.J. van Rooijen
Title: Director

For and on behalf of:
Česká televize
(Programmer)



Name: Petr Dvořák
Title: General Director

ČESKÁ TELEVIZE
IČO: 00027383, DIČ: CZ00027383
Na Hřebenech II 1132/4
140 70 Praha 4
-93-



ANNEX 1 SPECIFICATIONS

Any change in the hereafter mentioned technical specifications will be mutually agreed upon before execution.

1. Demarcation Point

The technological room [REDACTED] of the main building of Česká televize, Kavčí hory 140 70, Praha 4, the Czech Republic

2. Signal delivery

The signal, consisting of two identical transport streams (main and backup) on the DVB-ASI interface (containing video, audio, DVB Subtitles, EPG, HbbTV and further data services, will be delivered to the Demarcation Point.

The Operator will ensure the transmission of the transport streams from the Demarcation Point to the uplink location without any employment of the public internet network or satellite connection.

The Operator will ensure an automatic switch between the main and the backup rout should a breakdown occur.

3. Parameters of transmitted services

Transport stream of 38 Mbps consisting of TV services with following parameters:

	Format	Video min	Video Max	Dolby CZ	MPEG CZ	MPEG QAA	MPEG CZ AD
ČT1	MPEG 4 HD	2 000	11 000	448	256	192	64
ČT2	MPEG 4 HD	2 000	11 000	448	256	192	64
ČT sport	MPEG 4 HD	2 000	14 000	448	256	n/a	64
ČT24	MPEG 4 HD	2 000	7 000	n/a	192	n/a	64
ČT D: / art	MPEG 4 HD	2 000	9 000	n/a	192	n/a	64
ČT1 SM *	MPEG 4 HD	2 000	7 000	448	256	192	64
ČT1 JM *	MPEG 4 HD	2 000	7 000	448	256	192	64
EPG, HbbTV	3 000						

**) Regional broadcasting of ČT SM and ČT JM only occurs between 18.00 and 18.25 and only on weekdays – except for this space the channels air no programs and the capacity is divided among other channels.*

ANNEX 2 FEES

General:

All monthly fees are quoted excluding VAT, and will be invoiced monthly pursuant to the invoice issued by the Operator. The invoice shall be issued no later than 15th day of the month following the month, in which the invoiced services were provided. The invoices are due in 30 days from their delivery to the Programmer. In case the services are not provided during the whole calendar month, the monthly fee will be proportionally decreased by a sum corresponding to a number of days during which the services have not been provided.

The invoices – tax documents must contain the number of the Agreement and the SAP order number. The Programmer shall be entitled to return the invoices – tax documents, in case the above information is not included, without delay to the Operator. Operator must correct the information and send corrected invoice – due date is counted from the date of receipt of the corrected invoice.

The parties hereby agree that the Operator is entitled to submit electronic invoices (tax documents) by e-mail. Such invoices shall be submitted in PDF format from the Operator's e-mail address to the following Programmer's e-mail address: **faktury@ceskatelevize.cz**.

Fee :

In consideration of the all the services provided by Operator under this Agreement, Programmer shall pay to Operator the following monthly Fee: **CZK 675.000 exclusive of VAT**.

All invoices of Operator in respect of the Fee shall be paid in full without set-off, counter-claim or other deduction, within thirty days of the date of the receipt of the invoice. Interest shall accrue on any portion of the fees remaining unpaid at the due date at a rate of 2% per month or the highest interest rate permitted by law, whichever is lower. Such interest shall accrue from day to day, from the due date for payment until the date of actual payment in full, and are on a compound basis.

ANNEX 3 SERVICE LEVEL AGREEMENT

Reporting by Programmer

The Programmer shall inform the Operator by e-mail about any Delivery Failure known to the Programmer within one (1) hour. Such an e-mail shall include at least all information in the format provided in the following example:

Time at start of outage:	14.07.2012 09:41:12
Time at end of outage:	14.07.2012 09:44:35
Outage number:	#1234
Description:	No audio
Affected channels:	(name of channel)

Alterations to the delivery of the Signal

The Programmer shall give written notice of changes regarding the delivery of the Signal to the Operator as soon as possible but in any event one (1) month prior to such change. The parties shall work toward a solution that will not impact the Operator's subscriber's reception of the Channel. Should the required work to implement these changes result in material costs to be spent by the Operator, the Programmer shall reimburse reasonable and proven costs to the Operator.

Reporting by the Operator

The Operator shall inform the Programmer by e-mail about any Distribution Failures known to the Operator within one (1) hour. Such an e-mail shall include at least all information in the format provided in the following example:

Time at start of outage:	14.07.2012 09:41:12
Time at end of outage:	14.07.2012 09:44:35
Outage number:	#1234
Description:	No audio
Affected channels:	(name of channel)

Reaction time and escalation procedure

If a party sends an e-mail to the other party an answer shall be given on the next business day by the other party latest.

In case of a Delivery Failure or a Distribution Failure a response shall be given in 30 minutes (24 hours, 7 days a week) on e-mails of the other party.

Furthermore, both parties are in case of escalation available by telephone 24 hours 7 days a week.

Contact details

Contact Persons Operator			
Contact	Name	Telephone	E-mail
[Redacted]			

Contact Persons Programmer			
Contact	Name	Telephone	E-mail
[Redacted]			

Operator shall ensure that the average availability of the Channels without any Delivery Failure shall meet or exceed 99.7 % per calendar half year except for the cases of unavailability caused by:

- disruptions caused by the Programmer, its technical equipment, employees or representatives,
- downtimes relating to the sun position in the satellite direction (“Sun outage”) of around 5 minutes twice a calendar year,
- the weather conditions,
- scheduled service maintenance according to clause 5.8.

The continuity of the services and thus the Operator’s compliance with the service levels set forth herein shall be measured by downlinking of the Channel signal at the Operator’s locations.

Average availability of the services (DS) during the monitored period will be calculated according to this formula:

$$DS = \frac{A - B}{A} * 100\%$$

where

A = total number of minutes during the monitored period

B = total number of minutes of the services unavailability during the monitored period

The services shall be considered unavailable if:

- they are not provided according to the technical parameters and technical conditions,
- under clear sky conditions, the EIRP value drops by more than 2 dBW below the declared value,
- upon reception by a 60 cm dish under clear sky conditions, the VBER, measured by a receiver behind the Viterbi decoder, increases tenfold or more compared to error rate measured by the same method upon the full launch,
- the received Signal differs in such way, compared to the Signal delivered to Operator at the Demarcation Point, that it will cause a breakdown of any of the services transmitted by the Czech TV multiplex (provided that there have previously been no deviations on the part of Programmer in terms of agreed content transferred by the Signal, i.e. elementary streams, charts, identifiers and descriptors).

ANNEX 4 INFORMATION MEMORANDUM

Documents hereby enclosed form the Information Memorandum:

- INFORMATION MEMORANDUM SATELLITE BROADCASTING OF THE PUBLIC-SERVICE MULTIPLEX dated October 3rd, 2016 as amended on October 18th, 2016
- Explanation of some points of the Amended Information Memorandum dated 18th October 2016

INFORMATION MEMORANDUM

SATELLITE BROADCASTING OF THE
PUBLIC-SERVICE MULTIPLEX



Česká televize

3. 10. 2016

The subject matter of this Memorandum is provision of information about services demanded by Czech Television in the area of satellite broadcasting of the public-service multiplex. At the same time, this Memorandum provides information about the method to select the Provider of these Services and contains technical conditions for services demanded.

1. BASIC CHARACTERISTICS OF THE SERVICES AND THE METHOD FOR SELECTING A PROVIDER

1.1 In the scope of this Memorandum, Czech Television demands the service of comprehensive distribution of Czech Television programs in HD (hereinafter also as „the Service“). This service of electronic communication provided to the general public lies in overtaking the transport stream which contains the public-service multiplex in HD, its up-link and making the signal available on the user's receiver.

1.2 The Provider may outsource a part of the Service to other entities yet it must provide a guarantee for the Service as a whole in the scope requested by the technical conditions that are a part of this Memorandum.

1.3 Czech Television will make possible for the Provider to add to the programs of Czech Television in the transport stream of Czech Television, encryption of other operators, provided that the following cumulative conditions are met, i.e. these operators:

- a) carry Czech Television programs in their basic (lowest) package; and also
- b) broadcast, or make the satellite signal available, only on the territory of the Czech Republic (or have a previously concluded license agreement with the Czech Television for other territories); and also
- c) participate in total gross costs for the Service proportionately to the number of operators (see below)

Example:

- *In case the Provider requests to include 2 operators in SimulCrypt, the total gross costs are divided in three parts – Czech Television is considered a third operator on the same satellite position*
- *The gross price for the Service / 3 = net price for the Service for Czech Television*

1.4 The offer by the Provider will contain the overall net price for the Service for the entire time of the Service in CZK, excl. VAT. This price must include all costs of the Provider related to the provision of the Service that Czech Television will be paying to the Provider. Payment by Czech Television will be made in even monthly payments, always for the previous calendar month. The Contract will be concluded for a definite period of 3 years, to come into effect on November 8, 2016. In case the Contract is not signed by November 8, 2016, the Contract will be concluded for a definite period of 3 years, to come into effect on the day of signing. The offer must prove all technical conditions stipulated in this Memorandum have been met – otherwise it will not be taken into consideration.

1.5 Czech Television stresses to all those interested in providing this Service that the Provider of these Services will be obliged to provide ALL the Services, including decoding of the signal on receiver sets. It is the obligation of those interested to:

- a) submit, as a part of the offer, a written agreement with a DTH operator (unless the party interested is a DTH operator),
- b) prove the number of cards/users of the Service on the territory of the Czech Republic,
- c) prove that satellite capacity is ensured for the entire time of the Contract,
- d) prove that uplink is ensured for the purpose of fulfilling the subject of the Contract.

2. METHOD OF EVALUATION

2.1 In evaluation process of the bids, Czech Television will proceed as follows:

- a) The lowest net price quote for the Services will get 100 points
 - Other price quotes will get a proportion of points according to formula
 - $\left(\frac{\text{lowest price}}{\text{quoted price}} \right) * 100$
- b) The lowest net price quote per user in the CR will get 100 points
 - other price quotes will get a proportion of points according to formula
 - $\left(\frac{\text{lowest price per user reached}}{\text{quoted net price per user reached}} \right) * 100$
 - Total net price quote per user is calculated by formula
 - $\left(\frac{\text{Total net price for the Service}}{\text{number of users in the CR}} \right)$
 - number of users in the CR
 - sum of the number of users, i.e. households of all operators who can receive Czech Television public-service multiplex on the territory of the CR from the offered satellite position and also participate in SimulCrypt as per this Memorandum

Example:

- *If there are two operators and both wish to be included in SimulCrypt, the numbers of users of these operators are added up whereby such users receive the basic package in which Czech Television programs are/will be included)*

2.2 Points achieved for the lowest total net price quote for the Service and the lowest total net price quote per user reached in the CR will then be added up for every candidate and will be ranked from the offer with the highest score at the top to the offer with the lowest score at the bottom.

- 2.3 In case the difference between the first and second offer is smaller than 15 points when adding up points for the two above criteria, Czech Television reserves the right to assign up to 15 additional points to the offer which is first or second (preliminary result) that will include uplink services and monitoring center services offering more comfort to Czech Television employees – such as a safer (or shorter) route of the signal transport to the uplink device or communication with uplink and monitoring center personnel in Czech language. Czech Television may choose not to exercise the right in this section.
- 2.4 The offer that will score the highest number of points (using the above method of evaluation) will then be selected as the most suitable.
- 2.5 Upon the selection of the most suitable offer the client will then discuss specific contractual conditions with the selected candidate whereby the price, business and technical terms and conditions are not be changed in such discussion to the detriment of Czech Television.
- 2.6 Unless agreement is reached between the selected candidate and Czech Television with respect to final content of contractual terms and conditions, Czech Television reserves the right to terminate such discussion and approach a next-in-line candidate for such discussion. Czech Television may repeat this procedure until such time that it reaches agreement with a candidate with respect to final content of contractual terms and conditions.

3. ADDITIONAL CONDITIONS AND PROCEDURES IN SELECTING THE PROVIDER

- 3.1 Those interested may seek a consultation meeting or may submit their offer to the below mentioned contact.
- 3.2 Meetings (in person or over the phone) to clarify conditions will be held at the request of an interested party. Such a request MUST be sent by email to: [REDACTED], no later than **October 7, 2016 by 12.00.**
- 3.3 Dates of meetings (or phone conferences) will be agreed with those interested between October 10, 2016 and October 14, 2016.
- 3.4 Offers will be submitted in a sealed envelope by Oct 19, 2016 by 13:00 (offers submitted later will not be accepted) – the envelope will state „Selection of the Provider of satellite distribution – DO NOT OPEN“. Submission address: Czech Television, OPC building – „Rohlík“, Kavčí hory, Na hřebenech II 1132/4, 140 70 Praha. An interested party may submit their offer for the time being of the submission, always on working days between 9:00 and 16:00 to the contact person for receipt of offers. The contact person: [REDACTED].
- Envelopes with offers will be opened with candidates present on Oct. 19, 2016 at 13.15 in a meeting room of Czech Television at Kavčí hory, Na hřebenech II 1132/4, 140 70 Praha
4. Representatives of candidates will meet at the reception of OPC („Rohlík“) building of Czech Television, Kavčí hory, Na hřebenech II 1132/4, 140 70 Praha 4. The candidates will wait at the reception to be collected by a client’s representative who will take them to the meeting room. No more than 1 representative of each candidate (who submitted their

offer within the deadline) is allowed. At the opening of the envelopes the candidates' representatives will present their ID's as well as their power of attorney issued by persons authorized to act on behalf of or represent the candidate (unless they are themselves authorized to act on behalf of or represent the candidate).

3.5 Czech Television will evaluate the offers and select the Provider by Oct. 21, 2016.

3.6 The candidates are bound by their offers for the period of 30 days following the submission of their offers.

3.7 The Contract will be published in the register of contracts once it is signed (the candidates acknowledge that Czech Television is obliged to publish at least the name of the entity, the subject of contract, price and date of signing – in case the Contract contains trade secret the candidate will mark passages that comply with the legal definition of "trade secret" and those passages will not be published).

3.8 Czech Television reserves the right to at any time call off the selection of the Provider for the Service as per this Memorandum, or not to conclude a contract with the selected Provider, whereby this would lead to no entitlement to financial compensation. Czech Television reserves the right to modify the conditions of the selection of the Provider of the Service specified in this Memorandum.

3.9 The selection of the Provider of the Service as per this Memorandum is not governed by the Act on Public Procurement which is in compliance with relevant exceptions stipulated in the Act.

4. SATELLITE DISTRIBUTION OF PUBLIC-SERVICE MULTIPLEX IN HD – TECHNICAL CONDITIONS

4.1 Czech Television demands the comprehensive service of satellite distribution of the multiplex of HD programs, put together by itself at its seat in Praha 4, Kavčí hory.

4.2 The purpose is to cover the entire territory of the Czech Republic to achieve dependable reception on a 60-cm satellite dish under ordinary weather conditions (clear sky).

4.3 The Service of satellite distribution of HD multiplex of Czech Television consists of the following:

4.3.1 Takeover of public-service HD multiplex at the seat of Czech Television

- Czech Television will transfer to the Provider of the Service transport stream (MPTS) on two DVB-ASI interfaces (main, backup) according to EN 50083-9 standard, packet mode,
- The interfaces are situated in the main building of Czech Television in Kavčí hory, 140 70 Praha 4, Česká republika,

- In the same technology room, CZECH TELEVISION offers to place necessary equipment of the Provider in exchange for covering all operations costs (electricity, cooling, placement in 19" rack),

4.3.2 Transparent transport of HD multiplex to the place of uplink

- The Provider will ensure transmission of the transport stream from both transfer interfaces via two independent routes, not using public internet network and not using a satellite connection,
- The Provider will ensure an automatic switch between the main and the backup route should a breakdown occur.

4.3.3 Uplink

- Transport standard DVB-S2 (ETSI EN 302 307) will be used,
- The Provider will choose the type of modulation and other parameters so as to guarantee the requested accessibility and quality of reception on the entire territory of the Czech Republic. Modulation and parameters have to be approved by Czech Television.
- The Provider guarantees the uplink has a backup transmission route and should a breakdown occur on one transmission route, it will automatically switch to the backup route, without interruptions to broadcasting
- The Provider guarantees the transport stream for HD multiplex of Czech Television taken over at the seat of Czech Television after the re-multiplexing process will not be changed in any way. It will feature identical parameters in the output rate to the uplink as are set on the multiplexer of Czech Television – i.e. that values of maximum and minimum data rate as well as channel priorities will be unchanged.

4.3.4 Lease of part of satellite transponder capacity

- Leased data rate of the transponder is set at 38 Mbps.
- Downlink frequency: 11,7 to 12,75 GHz,
- Maximum allowed deviation from nominal position of the transponder: +/-0,1° E/W, +/-0,1° S/N,
- Backup of the transponder: non-preemptible service,
- EIRP guaranteed for the entire territory of the Czech Republic in case of clear sky: min. 51,0 dBW,
- Czech Television plans to use the leased data rate for broadcasting of programs with preliminary parameters as follows:

	Format	Video min	Video Max	Dolby CZ	MPEG CZ	MPEG QAA	MPEG CZ AD
ČT1	MPEG 4 HD	2 000	11 000	448	256	192	64
ČT2	MPEG 4 HD	2 000	11 000	448	256	192	64
ČT sport	MPEG 4 HD	2 000	14 000	448	256	n/a	64
ČT24	MPEG 4 HD	2 000	7 000	n/a	192	n/a	64
ČT D: / art	MPEG 4 HD	2 000	9 000	n/a	192	n/a	64
ČT1 SM *	MPEG 4 HD	2 000	7 000	448	256	192	64
ČT1 JM *	MPEG 4 HD	2 000	7 000	448	256	192	64
EPG, HbbTV			3 000				

**) Regional broadcasting of ČT SM and ČT JM only occurs between 18.00 and 18.25 and only on weekdays – except for this space the channels air no programs and the capacity is divided among other channels.*

- In case the broadcast programs of Czech Television will be subsequently processed in the transmission chain in another multiplexer on the part of the supplier of the leased capacity of the satellite transponder so as the supplier can use the remaining transponder capacity, such capacity supplier undertakes to broadcast all programs of Czech Television in the leased bandwidth in unchanged format and bit rate and with original encryption for Czech Television conditional access.
- In case of any change of bit rate or any other change in parameters of respective broadcast programs, an agreement from Czech Television in writing is always necessary.

4.3.5 The system of conditional access for decoding cards of Czech Television („Czech Television cards“)

- Czech Television card is a card that receives only programs of Czech Television; a user/viewer pays a maximum up to CZK 300 when it's issued; the card does and will not contain any other fees; once issued the card is valid for the entire length of the contract between Czech Television and the candidate.
- Scrambling will be done by multiplexers (main and backup), owned and operated by Czech Television, based on communication with one or more conditional-access system(s) („CA systems“),
- One of the CA systems participating in Simulcrypt may be the CA system of the Provider who will be operating „Czech Television cards“,
- In such case, the Service will also include establishing and operations of a backed up data line connecting the CA system of the Provider with Czech Television multiplexers, situated at the place of interface as stated in 4.3.1.
- In case the Provider brings their own solution of the CA system it does NOT ENTITLE them to make Czech Television's programs accessible on the cards of their customers but ONLY on "Czech Television cards "; the inclusion in simulcrypt is controlled exclusively by Czech Television,
- Program ČT 24 HD will be broadcast FTA as well as its potential regional mutations in the future.

4.3.6 Production, issuance and operations of „ Czech Television cards “

- Keep a record of „ Czech Television cards “, regular monthly reporting,
- The Provider must ensure that every „ Czech Television card” issued will be functional, i.e. must ensure descrambling of signal on the end user’s end device issued by them.

4.3.7 Services of the monitoring center

- Proactive continuous check of services provided, filing, troubleshooting and reporting on breakdowns of services to an authorized center at Czech Television,
- Monthly reporting on availability of the Service, including a list of all time intervals the Service was unavailable (in electronic form),
- 24/7 technical support hotline,
- Communication in Czech, Slovak or English language,
- Enable direct communication with technical support of the satellite operator (24/7 hotline).

4.3.8 The quality of the Service will be assessed based on average availability of the Service in a calendar half-year which is not to drop under any circumstances below the limit of 99,7%, with the exceptions of when the Service was unavailable due to:

- defects caused on the part of Czech Television, by technical equipment, employees or authorized representatives of Czech Television,
- sun outage in the length of two times approx. 5 minutes in 1 calendar year,
- weather conditions.
- scheduled service breaks (so-called “service nights”), no more than 1x a month (a period of no more than 3 hours, scheduled between approx. 2 am to approx. 5 am).

The average availability of services (DS) for a monitored period will be calculated using this formula:

$$DS = \left(\frac{A - B}{A} \right) * 100\%$$

where:

A = total number of minutes in the period monitored

B = total number of minutes the services were unavailable in the period monitored

4.3.9 The Services are considered unavailable if

- they are not carried out in compliance with all technical parameters and technical conditions,
- the EIRP value under clear sky drops by more than 2 dBW below the declared value,
- upon receipt by a 60-cm dish under clear sky, the VBER, measured by receiver behind the Viterbi decoder, increases tenfold or more, compared to error rate measured by the same method upon the full launch,
- compared with the transport stream transferred to the Provider on the interface, such differences will occur in the transport stream that they will cause a breakdown in any of the services carried by Czech Television multiplex (provided that there have previously been no deviations on the part of Czech Television in terms of agreed content transferred by the transport stream, i.e. elementary streams, charts, identifiers and descriptors).

6. AMENDMENT OF INFORMATION MEMORANDUM ON BASIS OF INFORMATION MEETINGS WITH PROSPECTIVE CANDIDATES

The original text referred to in Articles 1, 2, 3 and 4 was discussed with potential bidders on meetings held from 10 to 14 October 2016 in order to clarify and supplement the terms and conditions, including updated terms. The text below contains changes from the original tender conditions made on the basis of these consultations with potential bidders in order to ensure comparability of offers and achieve the purpose of the public tender.

To point 1.3:

Explanation of required components of a bid:

*The Provider will reserve a fixed number of positions for simulcrypt regardless of whether these positions (reservations) are occupied or vacant at the time he submits the offer or signs the Contract. The Provider will submit the following information as **part of its bid**:*

- a) The gross price for the Service*
- b) the number of positions (reservations) for simulcrypt*
- c) the net price for the Service derived as $c = a / (b + 1)$*

The net price for the Service is calculated as gross price for the service / number of positions (reservations) for simulcrypt (CT also being regarded as an operator for simulcrypt).

Czech television is obliged to pay the calculated net price for the Service over the whole duration of the Contract. The provider bears the risk of the reserved positions remaining unoccupied.

Simulcrypting will be approved only for entities having (already or in the future) a licence agreement with Czech Television enabling them broadcasting of the Czech Television channels outside the Czech Republic. The operators of satellite retransmission registered in the Czech Republic will be included in simulcrypt based on submission of application for simulcrypt accompanied by a copy of registration by the Council for Radio and Television Broadcasting.

To point 1.5:

It is the responsibility of a bidder to:

- a) submit, as a part of the offer, a written agreement with a DTH operator (unless the party interested is a DTH operator),
 - o Czech TV specifies that written agreement can be substituted for the purpose of submitting bids by a signed Letter of Intent with the DTH operator who operates a DTH platform offering services in the Czech Republic.*
- b) prove the number of cards/users of the Service on the territory of the Czech Republic,
 - o Czech TV specifies that the number of active cards / users of the Service shall be submitted by the Provider as part of the bid in the form of affidavit stating the number of households in the Czech Republic, which are actively using the services of the DTH satellite services operator. For the purposes of defining the number of cards / users of the Service the Provider should use same definition that is used by the DTH operator in its financial statements for recognition of*

revenue or allocation of TV content cost (and for reporting of the number of cards / users to the providers of TV content).

- c) prove that satellite capacity is ensured for the entire time of the Contract,
 - o *Czech TV specifies that written agreement can be substituted for the purpose of submitting bids by a signed Letter of Intent with the satellite operator, or a declaration signed by the satellite operator, or a copy of the contract.*

- d) prove that uplink is ensured for the purpose of fulfilling the subject of the Contract
 - o *Czech TV specifies that written agreement can be substituted for the purpose of submitting bids by a signed Letter of Intent with uplink provider or a declaration of uplink provider, if there is already a contractual relationship, or a copy of the contract.*

To point 2.2:

This point is supplemented by the following:

"In the event that the total net price quote per user reached in the Czech Republic, calculated pursuant to section 2.1 b), exceeds CZK 105, the bid of the candidate will be excluded from the tender. The maximum permissible value of the total net price quote per user reached in the Czech Republic reflects the actual costs of terrestrial distribution of Czech television per registered household in the Czech Republic, and such value is considered to be a limit for the cost of distributing the Czech TV's channels signal via satellite."

To point 2.3:

This point is amended by the following:

"...will include... or ...communication with uplink and monitoring center personnel in Czech language, or providing bigger than the required capacity for the same price or using a satellite that itself adjusts the modulation to compensate for the loss in power during bad weather, or use uplink facility which is, for example, very close to the seat of Czech Television in Prague, etc."

To point 2.4:

This point is amended by the following sentence:

"In the event the net price quote for the Services of the best bid exceeds CZK 15,000,000 annually (ie. CZK 45,000,000 in total for 3 years), Czech Television retains the right to cancel the whole public tender"

To point 2.5:

This point is amended by the following:

"Czech Television will provide maximum cooperation so that the Contract could be concluded and signed by 5 December 2016. Responsible person in the negotiation of contract terms is the Financial and Operating Officer."

To point 3.4:

At this point, the date of submission and opening of the bids is changed from the original 19 October 2016 to 31 October 2016.

***"Offers will be submitted in a sealed envelope by 31.10.2016 13:00."
„Envelopes with offers will be opened with candidates present on 31.10.2016 at 13.15"***

To point 3.5:

At this point, the date is changed from the original 21.10.2016 to 1.11.2016.

„Czech Television will evaluate the offers and select the Provider on 1.11.2016“

To point 4.3.1:

This point is supplemented by the following sentence:

"Czech Television bills Provider a lump sum compensation of up CZK 4,500 excluding VAT per month, for costs associated with placing the Provider's equipment in a rack, power consumption, air conditioning cost, and cleaning. In case of using only a part of the rack, the costs are reduced pro rata."

To point 4.3.5:

This point is supplemented by the following sentence:

"The Provider is obliged to arrange for substitution and replacement of the existing Czech Television cards (up to 2,000 cards) within 3 months of submission of cards data. This data will be provided by Czech Television within 7 days of signing the contract. The Providers are entitled to distribute these cards themselves, including the provision of installation services, and antenna direction or signal tuning. Replacement of the existing Czech Television cards will be paid by Czech Television up to CZK 200 per card."

NEW POINT 5 - SCHEDULE OF LAUNCHING THE SERVICE

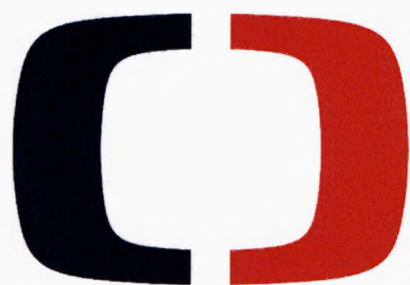
Due to time constraint and complexity of the process, the Provider is entitled to launch the Service gradually, according to the following schedule:

5.1 Providing incomplete service - transitional period

- a) Not later than 15 November 2016 - a minimum of 3 Czech Television channels will be transmitted in HD resolution so that reliable reception of the signal on the whole territory of the Czech republic under normal weather conditions is achieved using a satellite receiving dish of a diameter of 80 cm.
- b) Not later than 15 December 2016 - all 5 Czech Television channels will be transmitted in HD resolution so that reliable reception of the signal on the whole territory of the Czech republic under normal weather conditions is achieved using a satellite receiving dish of a diameter of 80 cm.

5.2 Start of full service

No later than 15 February 2017 will all 5 Czech Television channels be transmitted in HD resolution so that reliable reception of the signal on the whole territory of the Czech Republic under normal weather conditions is achieved using a satellite receiving dish of a diameter of 60 cm, and all the technical requirements contained in this Information Memorandum will be met.



Česká televize

KAVČÍ HORY, 140 70 PRAHA 4

WWW.CESKATELEVIZE.CZ

Vyjasnění některých bodů doplněného Informačního Memoranda ze dne 18.10.2016

Na základě dotazů od uchazečů tímto vysvětlujeme některé body, které mohly být nejasně naformulovány.

Vysvětlení ohledně nově zařazeného bodu 5:

Česká televize stále poptává vysílání všech programů a služeb České televize tak, jak jsou uvedeny v Informačním Memorandu. Pro období mezi 15.11 a 15.12.2016 je umožněno, aby byly vysílány DVA programy České televize v rozlišení SD (MPEG4) a není vyžadováno vysílání regionálních programů.

Všechny poptávané služby včetně regionálních programů, zvukové stopy, epg apod. musí být vysílány od 15.12.2016.

Pokud v období od 15.11 do 15.12.2016 využije uchazeč z výše uvedeného důvodu menší datový tok než je požadovaných 38 mbps, bude Česká televize platit za skutečně využitý datový tok. TUTO SKUTEČNOST MUSÍ uchazeč uvést v rámci své nabídky a cenově rozlišit.

Termín do 15.2.2017 byl stanoven pro případy, kdy uchazeč musí použít dočasný uplink nebo pokud musí přesunout programy z jednoho satelitu na druhý na stejné pozici, aby dosáhl lepšího pokrytí nebo lepší ceny za stejnou kvalitu poskytované služby apod.

V období od 15.12.2016 do 15.2.2017 musí být poskytována služba v plném rozsahu jak je požadována (všechny programy v HD a související služby). Do 15.2.2017 je možné použít dočasné řešení u uplinku nebo družici, která umožňuje příjem alespoň na 80 cm přijímací anténu. Od 15.2.2017 již musí být řešení uplinku finální a musí být použita družice a modulace na transponderu splňující všechny parametry uvedené v Informačním Memorandu.

Poskytování služby v plném rozsahu již od 15.11.2016 bude zohledněno v rámci hodnocení dle pravidel uvedených v bodě 2.3.

Explanation of some points of the Amended Information Memorandum dated 18th October 2016

Due to questions raised by one of the contenders we are hereby providing an explanation of some points that may not have been clearly formulated.

Explanation of the new point 5:

Czech Television is still requesting broadcasting of all programs and related services in a way stated in the Information Memorandum. For the time period between November 15th 2016 and December 15th 2016, it is permitted to broadcast TWO programs of Czech Television in SD (MPEG4) and broadcasting of the regional mutation is not required .

All services including regional mutation, audio streams, EPG, etc. must be broadcasted starting with 15.12.2016.

If during this period, from November 15th to December 15th, contender utilizes less than 38 mbps bandwidth, Czech Television will be paying only for the actually used bandwidth. THIS FACT NEEDS to be stated as part of the offer and price needs to be differentiated.

Final term set for February 15th, 2017, was meant to cover for the cases where contender needs to use temporary uplink station or needs to move programs from one satellite to another on the same orbital position, to increase quality of the coverage or to achieve better price for the same quality of the service.

During the period from December 15th 2016 until February 15th 2017, service at fully requested scale must be provided by the contender (all programs in HD and all related services). Until February 15th 2017, temporary uplink station can be used, or satellite whose signal needs to be received on 80cm satellite dish can be used. Starting with February 15th 2017, there must be a final uplink solution in place and satellite and modulation on the transponder in use must fulfil all conditions stated in the Information Memorandum.

Providing the service at full scale already from November 15th 2016 will be taken into account using the rules described in point 2.3.