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THE OLYMPIC CRISIS IN PERSPECTIVE

During the past six months, much speculation has been ventured about the impact of the recent Olympic crisis on the state of Olympic marketing programmes, sponsor relationships, and overall support to the Organising Committees for the Olympic Games (OCOGs). This issue of *Marketing Matters* will (a) analyse the impact of the crisis from the perspective of current research results and the reforms of the International Olympic Committee (IOC), and (b) contextualise the current and future financial status of OCOGs with regard to IOC marketing programmes.

The following are current facts about Olympic marketing programmes amid the Olympic crisis:

Partners Supportive: Encouraging Reforms

- No Olympic marketing partner, at any level, has withdrawn from its sponsorship or asked to renegotiate its terms.
- Between TOP and the local OCOG partners for Sydney and Salt Lake, there are more than forty multinational corporations supporting the Movement. Olympic marketing partners have been justifiably concerned, but the sponsors have focussed their efforts on encouraging the IOC to use

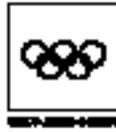
the current situation as a catalyst for reform and as an opportunity to rejuvenate and strengthen the IOC. This is exactly what the IOC is undertaking.

“The IOC has not received proper credit for what it has done. They have dealt with the bid city scandal in a decisive fashion, the ethics commission has outside domination, and there has been financial disclosure.”

— Dick Ebersol, President, NBC Sports
AP Wire

Healthy Future for Marketing Programmes

- The TOP programme is ahead of schedule with regard to sponsorship sales for the TOP V quadrennium (2001–2004). To date, two Worldwide Olympic Partners, Coca-Cola and Time-Sports Illustrated, have announced the renewal of their sponsorship, and the SEMA Group has announced that it will join the TOP programme in 2001 for the first time. Basic agreements have been reached with four other Partners, with announcements due over the course of this summer. Further discussions with other Partners will commence during the course of 1999. The goal of the IOC is to have the TOP V programme completed prior to the staging of the Sydney Games — which would mark the first time ever that the TOP programme would be concluded before the staging of the previous Games.
- Revenue from the Sydney 2000 marketing programmes currently exceeds that of



Atlanta 1996 and more than double the revenue estimated in the Sydney bid.

- Revenue from the Salt Lake City 2002 marketing programmes already exceeds the total revenue of both Nagano 1998 and Lillehammer 1994.
- Broadcast sales for the Sydney 2000 Olympic Games are currently exceeding those of the Centennial Games in Atlanta. The U.S. broadcaster, NBC, reports that sales are ahead of schedule. A spokesperson recently stated that NBC's advertising inventory is more than half sold, which — for a non-domestic Games, 15 months out — is very good.

IOC Research Results Highly Optimistic

- IOC research has been conducted to explore public attitudes toward the Olympic Games, the Olympic athletes, and the IOC reforms, and to gauge public support for Olympic sponsors and interest in the Olympic Games broadcasts. This research shows that the global public maintains strong positive feelings about the Olympic Movement:

- The recent Olympic crisis has not adversely affected the public's positive attitudes toward the Olympic Games, the Olympic athletes, and the Olympic ideals.
- A great amount of positive equity is associated with Olympic sponsorship.
- Public perception of Olympic sponsors is becoming increasingly positive.
- Intent to view the Olympic Games broadcast on a global basis remains an all-time high.
- The public's intent to attend the Olympic Games remains high.

Research projects conducted by various parties following the Olympic crisis are discussed in the "Global Olympic Research Survey" article on page 9 in this issue.

The Impact on Olympic Partnership

The potential of the Olympic crisis to negatively impact the Olympic image has been minimal for two main reasons: (a) the quick and decisive action of the IOC has contained the issue, and (b) Olympic marketing partner programmes focus on the Games and the athletes rather than IOC operations.

"We're encouraged by the IOCs' progress with respect to establishing specific measures for organizational reform and 2006 host city selection and look forward to the impact of the IOC 2000 and IOC Ethics Commissions. We remain committed to the athletes, the people of Australia, Utah and Greece and the 2000, 2002 and 2004 Olympic Games and continue to believe that an even stronger Olympic Movement can emerge if reforms are embraced."

— Scot Rank, Director, Worldwide Olympic Management, The Coca-Cola Company
25 May 1999

"Sales of airtime for the Sydney Games remain well ahead of our forecasts. Advertisers have not been impacted by the recent events. Their focus is on the Games and the stories of the athletes, and nothing has changed on that front. NBC's own research underlines the great anticipation and excitement that the US public has for the Sydney Games."

— Dick Ebersol, President, NBC Sports
2 June 1999

"There are few if any institutions in the world that enjoy the respect and prestige of the IOC and the Olympic Games. This made the recent disclosures all the more tragic. I expect, however, that the IOC will respond positively to the events and take the opportunity to update the IOC's governance in recognition of its success."

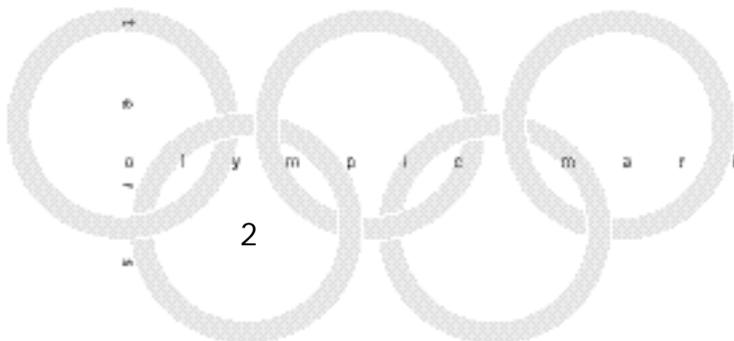
— Paul Allaire, Chairman and CEO,
Xerox Corporation
2 June 1999

"The IOC is a victim of its own success, by in recent years making the Olympics such an emotional event. But the power and magic of the Olympics in the heart of the people has not been lost. It is still very much there — and the IOC is doing what it has to do and what is necessary to address the recent problems."

— Nicholas Hayek, Sr., President, Swatch Group
2 June 1999

"My image of the IOC is completely different from the one portrayed in the press throughout the crisis. The IOC is a professional, well-run, matter-of-fact organisation, and there is no question about its integrity — especially in the manner in which it has handled its TV negotiations with the EBU for the past 30 years."

— Albert Scharf, President,
European Broadcasting Union
2 June 1999





"[The controversy] has in no way impacted on our commitment to the Olympics or our support for it. It is a distraction . . . but we don't think it undermines the perception of the Olympic sponsorship we're involved in."

— Rod Eddington, Chairman, Ansett Australia
25 May 1999

"While the Olympics is clearly the premier event on TV today, our strategy recognises that the essence and power of the Olympics goes well beyond those three weeks."

— Phil Guarascio, Vice President, Advertising and Corporate Marketing, General Motors
11 May 1999

Speculation and misinformation have resulted in the reporting of a number of erroneous stories about sponsors withdrawing from the Olympics — most recently concerning the American pharmaceutical company Johnson & Johnson, who had not even signed a preliminary letter of intent before choosing for various unrelated reasons to cease negotiations with the Salt Lake Organising Committee (SLOC) for the 2002 Olympic Winter Games. Mark Lewis, SLOC Vice President of Marketing and Licensing, stated that this was simply an "unsuccessful sales call."

Emerging from the Crisis

The IOC is committed to re-examining and improving the structure and operations of the organisation in light of the rapidly changing world of sport, economics, and commerce. These improvements, the IOC expects, will strengthen the philosophical basis and the fundamental principles that have guided the activities of the IOC for more than one hundred years.

Over the past two decades, Olympic marketing programmes have played an important role in enabling the Olympic Movement to overcome disunity, political strife, and financial hardship, and to successfully serve the worldwide development of sport.

Richard W. Pound, IOC Vice President and Chairman of the IOC Marketing Commission, recently stated that: "In 1980, the Olympic Movement was under sustained attack from political powers and was, indeed, a virtual hostage to world tensions. It was disunited, well

short of universal, and had no financial resources to give it the autonomy and independence it needed to resist political pressures."

That situation has been radically altered under the leadership of Juan Antonio Samaranch, and Olympic marketing programmes have played major roles in this progress. The following is a list of achievements, to which Olympic marketing programmes have contributed, during the past twenty years:

- Through the efforts of the IOC, the Olympic Movement has achieved enough financial independence to enable all National Olympic Committees (NOCs) and International Sports Federations (IFs) to benefit.
- The Olympic Games can now be organised on a self-funding basis, as revenue that is now available through the IOC makes it possible for host cities to finance the Olympic Games from non-tax-base funds. It is now feasible for smaller countries to consider hosting the Games. The 2000 and 2004 Olympic Games were awarded to Australia and Greece, the countries that have the smallest economies of all the candidates amongst the finalists.
- The revenue generated by the IOC has removed cultural barriers to participation at the highest levels of international sport. Marketing contributions for sport development and athlete training, as well as travel to and lodging at the Games, have helped the Olympic Movement to become truly universal — including 200 NOCs.

Not all of this has been accomplished without cost, in political and organisational terms. In working to accomplish its ultimate objectives with regard to sport, the IOC has made political concessions. On this subject, Richard W. Pound recently stated: "No political accommodation, whether in sport or politics in general, can occur without making choices, and each choice has its own set of consequences."

The Olympic Movement today is quite different from what it was in 1980, and perhaps the current crisis is a negative consequence of this larger success.

The IOC has acted quickly in recent months to solve the crisis and to achieve its reform objectives in a reasonable time. Elemental fair



play requires that the IOC be given the opportunity to rebuild itself operationally, structurally, and philosophically, and to do so without undoing the good work that the IOC has done for the development of sport, culture, and education. Pound concluded by stating that: "A record of 105 years of extraordinary achievement — during a period of unprecedented social and political evolution — must not be completely disregarded in the process."

IOC REFORMS

Despite the logistical difficulties of coordinating a truly global association — in which members from diverse cultures and political backgrounds hold a range of ideas and interests — the IOC and President Samaranch worked quickly in the effort to confront the recent Olympic crisis and to restore the IOC to an accord with the values of the Olympic Charter.

Amid the first public statements by IOC members with regard to the Olympic crisis, IOC President Juan Antonio Samaranch and IOC Vice President Richard W. Pound publicly apologised on behalf of the entire IOC. In May 1999 Jacques Rogge, Chairman of the IOC Co-ordination Commission for Sydney 2000, publicly apologised in Sydney on behalf of the IOC.

"I want to express my deepest apology — to the athletes, the people of Salt Lake City and Utah, the global Olympic Family, and the millions of citizens worldwide who revere the Games and hold in esteem the high standards the Games represent. My apology is for the actions of those IOC members who violated the bidding process for the 2002 Winter Games.

I am sincerely disappointed that IOC members were involved in the events revealed in this investigation and am deeply saddened by their conduct."

Juan Antonio Samaranch, IOC President
24 January 1999

"The IOC profoundly regrets the events related to the Salt Lake City bidding process. The conduct of certain members is completely contrary to everything the Olympic Movement has worked so hard to represent and dishonors all who believe in the Olympic dream."

Richard W. Pound, IOC Vice President
24 January 1999

"As a member of the IOC, I have to express my apologies for the wrong doings that have been made by the IOC. There is an individual responsibility of some members who have been expelled or sanctioned, but there is also the collective responsibility of the IOC. [The IOC] should have been more keen in respect of its own rules and its dealings with the bidding committees, who in turn should have respected more strictly the bidding procedures. We feel very sorry because in fact we have betrayed the athletes...we've betrayed sponsors, we've betrayed public opinion and the organisers."

Dr. Jacques Rogge, IOC Member
29 April 1999

The following are steps that have been taken in the aftermath of the internal IOC investigation:

IOC Session Sanctions Members

To date, six IOC members who were found to have deviated from the values of the Olympic Charter have been expelled, four members have resigned, nine members were given warnings for improper conduct, and the conduct of one other member is currently under further investigation. (One implicated IOC member died prior to the investigation.)

Interim Report and Financial Statement Published

The IOC released its Interim Report for the XXVII Olympiad (1997–2000) in March 1999. The financial statements were prepared to the highest international accounting standards and were audited by Pricewaterhouse Coopers. To view the full text of the Interim Report, including the Auditor's Report and IOC financial statements with notes from Pricewaterhouse Coopers, please see www.olympic.org.



The publication of the Interim Report and its appearance on the IOC Website are part of the overall IOC effort to increase transparency in the Olympic Movement with regard to Olympic finances. The report complements other sources for information on Olympic marketing, including this and previous issues of the IOC newsletter *Marketing Matters* newsletter, as well as the Olympic Marketing Fact File, which provide Olympic marketing contract information and financial data. (Please see the "IOC Releases Interim Report" article on page 6.)

Ethics Commission to Ensure Best Practices

The IOC Ethics Commission has been charged with providing guidance on how the IOC operates in accordance with the best practices of international governance.

The drafting of an IOC Code of Ethics was announced in May 1999. The Code will govern the actions of IOC members and that of officials of candidate cities and OCOGs as they interact with IOC members.

The Ethics Commission will work to ensure that the principles of the Code are reflected in the policies and practices of the IOC, the candidate cities for the Olympic Games, and the OCOGs. It will advise all entities on how these principles can be applied in practice.

The IOC Ethics Commission is composed of eight individuals: three IOC members and five prominent independent individuals. The IOC Ethics Commission is chaired by Judge Keba Mbaye of Senegal, who has served as Vice President of the International Court of Justice in the Hague, Honorary Chief Justice of the Supreme Court of Senegal, and member of the International Penal Law Association.

IOC Ethics Commission Members

- **Judge Keba Mbaye** (Senegal) – IOC Member, IOC Ethics Commission Chairman
- **Robert Badinter** (France) – former President of the French Ministry of Justice
- **Howard Baker** (United States) – former US Senator and White House Chief of Staff
- **Charmagne Crooks** (Canada) – Five-time Olympian, member of the IOC Athletes Commission
- **Javier Perez de Cuellar** (Peru) – former UN Secretary General

- **Kurt Furgler** (Switzerland) – former President of Switzerland
- **Kevan Gosper** (Australia) – IOC Member
- **Chiharu Igaya** (Japan) – IOC Member

Host City Selection Reforms

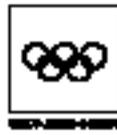
The election process for the 2006 Olympic Winter Games has been modified. The IOC has banned: (a) all site visits by members, (b) candidate city visits to members, and (c) all forms of gift-giving.

Six candidate cities will make their presentations to the 109th IOC Session on 18 June 1999 in Seoul, Korea. The IOC Session will appoint the members of a selection college on the morning of 19 June. The selection college, which will include representation from Olympic athletes, will be mandated to deliberate and choose two finalist cities to be voted on by the full IOC Session. The announcement of the host city of the XX Olympic Winter Games in 2006 will be made on 19 June. The reform applies only to the 2006 bid city selection process. In December 1999, the IOC 2000 Commission will recommend to the IOC Session a new, permanent process for future elections.

The six candidate cities for the 2006 Olympic Winter Games are: **Helsinki** (FIN), **Klagenfurt** (AUT), **Poprad-Tatry** (SVK), **Sion** (SUI), **Turin** (ITA), and **Zakopane** (POL).

IOC 2000 Commission to Create a *New* IOC for the New Millennium

The IOC 2000 Commission has been established to recommend modifications to the IOC structure, operations, and method of selecting future host cities. The Commission is comprised of approximately 80 individuals from both within and outside the Olympic Movement. Commission members represent various geographical and political sectors as well as all Olympic constituencies. They include: IOC Members; representatives from International Federations, NOCs, and past OCOGs; Athletes (all 10 elected members of the Athletes Commission will serve on IOC 2000); business and sponsor community leaders; academics; and other leading outside personalities.



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An Executive Committee of 26 persons will make a series of recommendations to the IOC Session, which under the terms of the Olympic Charter has the constitutional authority to amend IOC rules. The IOC Session will discuss the recommendations at the IOC Session in Seoul in June 1999 and again at the Extraordinary Session in Lausanne in December 1999, when the necessary changes to the Charter will be voted upon.

The main objective of the IOC 2000 Commission is to address change in the following three domains:

- The composition, structure, and organisation of the IOC
- The role of the IOC
- The designation of future hosts of the Olympic Games

The commission is structured as follows: (a) the executive committee, made up of 13 IOC members and 13 independent individuals, will supervise and co-ordinate all work of the IOC 2000 Commission and prepare final reports for the IOC Executive Board; (b) the plenary commission, which is composed of many individuals from various cultures and representing all contingencies within the Olympic Movement, will discuss and analyse the mandate and approve final proposals and recommendations from the three working groups; (c) the three working groups will study their respective specific themes, prepare reports, and present conclusions and recommendations to the executive committee.

The IOC 2000 Commission includes:

Business Leaders

- **Giovanni Agnelli** (Italy) – Honorary President, FIAT
- **Paul A. Allaire** (United States) – Board chairman and CEO of Xerox; member of the executive committee of the Sara Lee Corporation.
- **Dick Ebersol** – Chairman, Olympics Division, NBC Sports
- **Nicholas G. Hayek** – President, The Swatch Group, Ltd.
- **Masato Mizuno** – President, Mizuno Corporation
- **Albert Scharf** – President, European Broadcasting Union
- **Peter Ueberroth** (United States) – board member, Coca-Cola; President of the Los Angeles Olympic Organizing Committee in 1984; Major League Baseball's sixth commissioner

Other Prominent Individuals

- **Boutros Boutros-Ghali** (Egypt) – Secretary-General of the United Nations (1992–1997)
- **Henry Kissinger** – (United States) Former United States Secretary of State.
- **Mr. Peter Lougheed** (Canada) – Former Prime Minister of Alberta.
- **Oscar Arias Sanchez** (Costa Rica) – Nobel Peace Prize recipient, 1987; President of Costa Rica from 1986–1990

Paul Allaire is chair of a special subgroup of IOC 2000 that will focus on IOC Communications and the presentation of Olympic finances.

IOC RELEASES INTERIM REPORT AND FINANCIAL STATEMENT

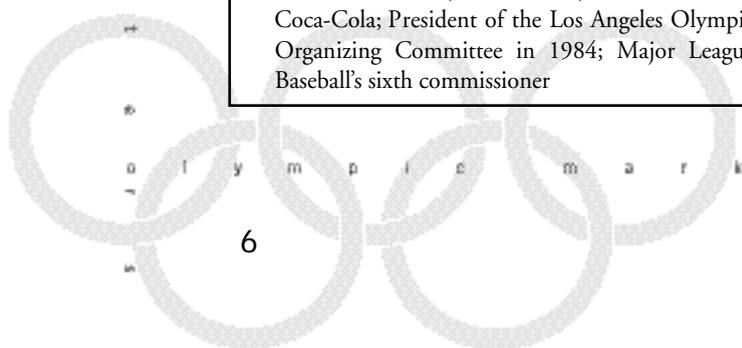
The IOC released its Interim Report for the XXVII Olympiad (1997–2000) in March 1999. The report was made available at the 108th IOC Session, as well as on the IOC Website, www.olympic.org.

The final report for this period will be issued at the end of the Olympiad in late 2000, after the Summer Games in Sydney, Australia.

The Interim Report consists of five parts: Activity Report of the International Olympic Committee; Auditor's Report and financial statements of the International Olympic Committee, the Olympic Foundation, and the Olympic Museum; and statistics on the 1998 Olympic Winter Games in Nagano.

The biannual report presents a comprehensive overview to demonstrate the full extent of the IOC's commitment to sport, and financial statements have been prepared to the highest international accounting standards and audited by by Pricewaterhouse Coopers. The auditor's report, together with the detailed financial statements, were submitted to the IOC Executive Board and to the Session for approval.

"We have always made our television and sponsorship contracts and financial terms available





to the public,” said the IOC President on 18 March 1999, the day the Interim Report and financial statements were distributed, “however, we recognise we need to be more aggressive in releasing these reports.”

The Finances of the IOC: Where the Money Goes

Since 1990 the IOC has regularly published detailed accounts of its marketing programmes and the revenue that these programmes generate, providing one of the most open insights into the broadcasting and sponsorship agreements within the Olympic Movement.

GENERAL OLYMPIC MARKETING FACTS

- Since President Samaranch took office in 1980, close to \$15 billion has been generated from marketing programmes.
- During the current quadrennium (1997 – 2000) more than \$3.5 billion will be generated, with the IOC itself retaining approximately seven percent, the balance being redistributed to the OCOGs, the International Sports Federations, and the 200 NOCs.
- Direct athlete support for the current quadrennium: The IOC will provide \$400 million to NOCs (approximately \$200 million to the USOC). In addition, for the first time, the athletes’ villages at Nagano and Sydney are free, and all athlete travel to the Games will be paid for by the marketing programmes of the IOC and the OCOG.
- In addition, the 35 International Sports Federations (28 Summer, 7 Winter) receive financial support for the development of their respective sports worldwide. From the most recent Olympic Games and Olympic Winter Games to be staged: Winter Sports Federations received \$50.3 million from Nagano 1998, and Summer Sports Federations received US\$86.6 million from Atlanta 1996.
- The smallest NOC attending the Sydney 2000 Games will receive more than \$40,000 for the quadrennium from the IOC via TOP and Olympic Solidarity .
- The IOC will provide more than \$1.5 billion in revenue to the two OCOGs (Sydney and Salt Lake), in addition to working with each OCOG to develop local marketing programmes, using the intellectual properties of the IOC.

Olympic Marketing Facts and Figures

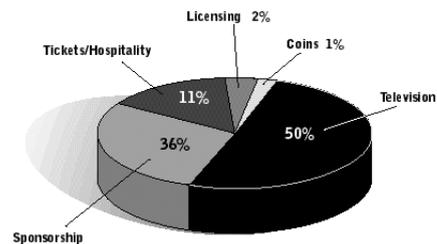
OLYMPIC MARKETING PROGRAMMES

Olympic marketing will generate in excess of US\$3.5 billion for the Olympic quadrennium 1997 – 2000.

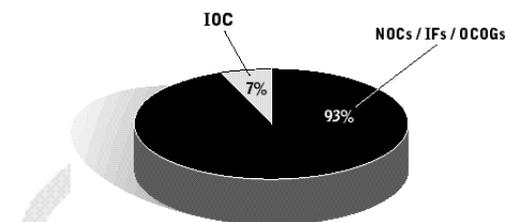
The IOC itself retains less than seven percent of the revenue administer IOC programmes. The balance, more than 93 percent, is distributed to:

- The OCOGs, for administration and organisation costs associated with the staging of the Games
- The NOCs, to help defray their administrative costs, including that of sending teams to the Games. Through Olympic Solidarity and the TOP Programme, the IOC will provide support to each national Olympic team that attends the Games.
- The 28 Olympic Summer Sports Federations and the seven Olympic Winter Sports Federations.
- Various other sports organisations — from recognised international sports organisations to the International Paralympic Committee and Paralympic Organising Committee

OLYMPIC MARKETING REVENUE SOURCES (EST. 1997–2000)



OLYMPIC MARKETING REVENUE DISTRIBUTION (EST. 1997–2000)





Olympic Broadcasting

Broadcast rights fees remain the primary source of Olympic revenue. To date, global rights fees for this quadrennium total US\$1.318 billion for Sydney and \$748 million for Salt Lake City. This will provide revenue of US\$791 million to Sydney and US\$445 to Salt Lake City.

The IOC takes direct responsibility for negotiating all television broadcast rights agreements, partly to ensure that the long-term interests of the Olympic Movement are protected. (These interests include such policies as the right of the global television viewing public to have free access to the Games broadcast. The Olympic Games are one of the last remaining major events in the world to maintain such a policy.)

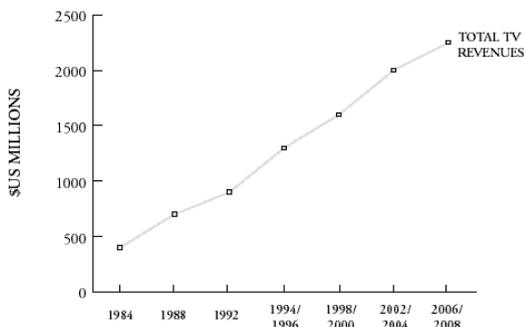
The IOC will distribute TV rights revenues for the 2000 and 2002 Games as follows:

- 60 percent to the OCOGs
- 40 percent to the Olympic Family, which includes —
 - 10 percent to the USOC on US TV rights
 - equal shares to the 200 NOCs through Olympic Solidarity
 - to the IFs
 - to the IOC

Broadcast rights fee revenues are also used by the IOC to cover the cost of bringing Olympic Games judges and competition officials to the Games.

Television rights within the Olympic Family are distributed after the successful staging of each Games (i.e., the revenue from Sydney 2000 rights fees will be distributed at the end of 2000).

GROWTH IN TV REVENUES



| Worldwide Olympic Partner | Category |
|---------------------------|---|
| The Coca-Cola Company | Non-Alcoholic Beverages |
| IBM | Information Technology/Computers |
| John Hancock | Life Insurance/Annuities |
| Kodak | Film/Photographics and Imaging |
| McDonald's | Retail Food Services |
| Panasonic | TV/Video/Audio Equipment |
| Samsung | Wireless Communications Equipment |
| Sports Illustrated/Time | Publications |
| UPS | Express Mail/Package Delivery Services |
| Visa | Consumer Payment Systems (credit cards, etc.) |
| Xerox | Document Processing |

TOP Programme

Managed by the IOC, the TOP Programme is estimated to generate more than US\$500 million for the current quadrennium (1997 – 2000), including TOP Partner contributions in cash and value in kind (contributions that are provided in the form of products and services).

The revenue distribution formula for the TOP Programme:

- 50 percent to the OCOGs —
 - approximately two thirds of this is distributed to the summer OCOG
 - approximately one third of this is distributed to the winter OCOG
- 50 percent to the Olympic Family —
 - 20 percent to the NOCs
 - 20 percent to the USOC
 - 10 percent to the IOC

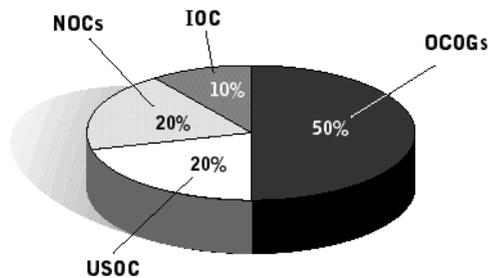
In practice, the OCOG's share is actually much higher than the 50 percent: this is because the OCOG requires extensive value in kind contributions to stage the Games, especially in the area of technology.



NOCs receive revenue according to their economic market value, with all NOCs receiving a minimum \$40,000 and \$400 per athlete competing at the Games. NOCs in the larger developed markets receive several million dollars each.

GLOBAL OLYMPIC RESEARCH SURVEY: THE OLYMPIC MOVEMENT AND GAMES HELD IN HIGH ESTEEM

TOP IV REVENUE DISTRIBUTION



The IOC initiated extensive research across five continents during the first months of 1999. The research was designed to explore public attitudes toward the Olympic Games, the athletes, and IOC reforms, as well as public support for Olympic sponsors and interest in the Olympic Games broadcasts. For this project, an independent agency, Sponsorship Research International (SRI), has co-ordinated two waves of attitude and awareness tracking research on behalf of the IOC. The Wave 1 survey, which polled 7,600 respondents in nine countries, was fielded in mid-February 1999. The Wave 2 survey polled 8,200 respondents in late March 1999.

OCOG National Marketing Programmes

These are managed jointly by the OCOG and the IOC, with the IOC providing (a) the intellectual property rights necessary to develop the programme, (b) overall general and marketing support, and (c) the template from previous Games. Revenues from these programmes are distributed as follows:

- 95 percent of revenue remains with the OCOG
- five percent of revenue is paid to the IOC for the rights to intellectual property

| Countries | Research Agency | Sample Size | |
|-------------|--------------------|-------------|-------|
| | | Wave 1 | Wave2 |
| Australia | Roy Morgan | 624 | 625 |
| Brazil | LARC | 500 | 500 |
| France | Ifop | 1,002 | 1,002 |
| Germany | Forsa | 1,003 | 1,005 |
| Italy | Doxa | 1,001 | 1,003 |
| Spain | Sigma Dos | 1,001 | 1,000 |
| Switzerland | IHA Gfm | 500 | 500 |
| UK | Audience Selection | 1,007 | 1,004 |
| US | Bruskin Goldring | 1,016 | 1,000 |
| Japan | IMR | n.a. | 500 |

Ticket Programmes

Ticket programmes are managed by the OCOG, with the IOC overseeing the worldwide distribution process to ensure that all member constituents have access to tickets.

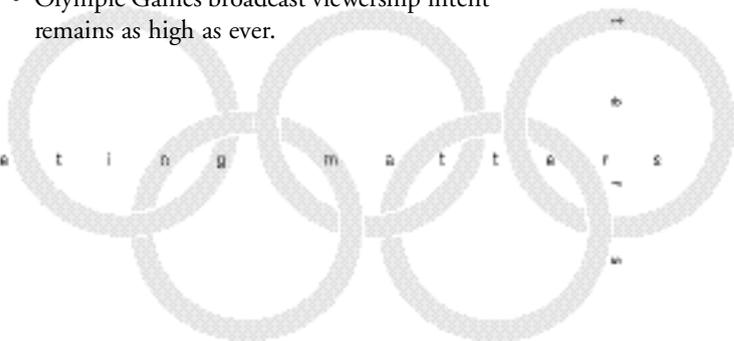
For the Sydney 2000 Games, approximately 12 percent of the tickets will be sold overseas.

Ticket revenue is distributed 95 percent to the OCOG and five percent to the IOC. The IOC and other members of the Olympic Family purchase all their tickets for non-accredited guests.

For further information on the Olympic Movement and Olympic Marketing, please refer to the IOC Website at www.olympic.org, previous copies of *Marketing Matters*, or the Olympic Marketing Fact File.

Overall, the survey results showed that:

- Respondents around the world maintain positive feelings about the Olympic Movement, and the recent IOC crisis does not adversely affect the public's positive attitudes toward the Olympic Games, the Olympic athletes, and the Olympic ideals.
- Positive attitudes about sponsorship and sponsors has not been adversely affected by recent events — they have, in fact, increased.
- Olympic Games broadcast viewership intent remains as high as ever.



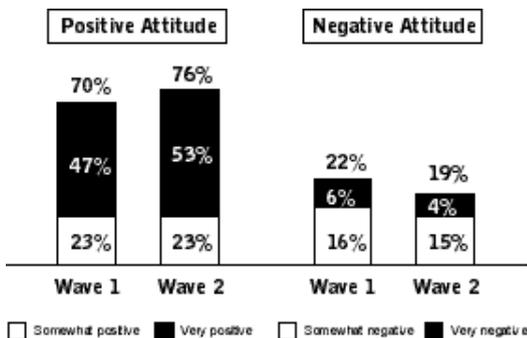


A PERSPECTIVE ON IOC RESEARCH

- Throughout a decade of worldwide research (from 1985 – 1996), survey respondents were asked to rate their personal interest in the Olympic Games on a scale of one (no interest) through five (extreme interest). The Games averaged a 3.8 level of interest, more than any other sporting event. In the 1996 study, 91 percent of spectators interviewed at the Centennial Olympic Games stated that they had chosen to attend because the Olympic Games are “the greatest sports event in the world.”
- An average of 79 percent of survey respondents throughout a decade of research agreed that Olympic sponsors provide vital contributions for organising events. An average of 30 percent of respondents stated that they felt more favourable toward companies that sponsor the Olympic Games. Furthermore, 45 percent of spectators at the Centennial Olympic Games stated that their opinion of a sponsoring company would be directly raised as result of that company’s Olympic association.
- The 1996 nine-country study showed that an average of 94 percent of respondents claimed some viewership of the Olympic Games.

RESEARCH 1999

Question: Overall, would you say that your feelings about the Olympic Games are very positive, somewhat positive, very negative, or somewhat negative?



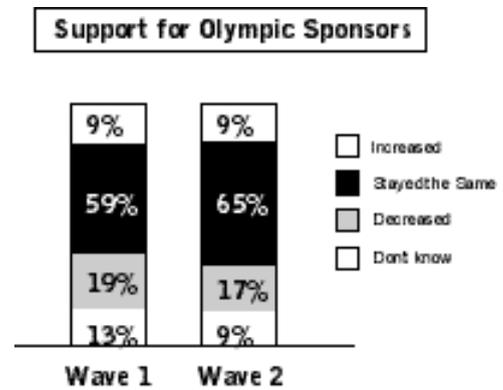
Feelings about the Olympic Games across all countries surveyed remained considerably more positive (76%) than negative (19%). The proportion of respondents who expressed

positive feelings increased by six percentage points from Wave 1 to Wave 2 of the research.

Question: Overall, would you say that your feelings about Olympic athletes are very positive, somewhat positive, very negative, or somewhat negative?

Overall opinion of Olympic athletes was very positive throughout the research. Positive opinion increased between Wave 1 (82%) and Wave 2 (85%).

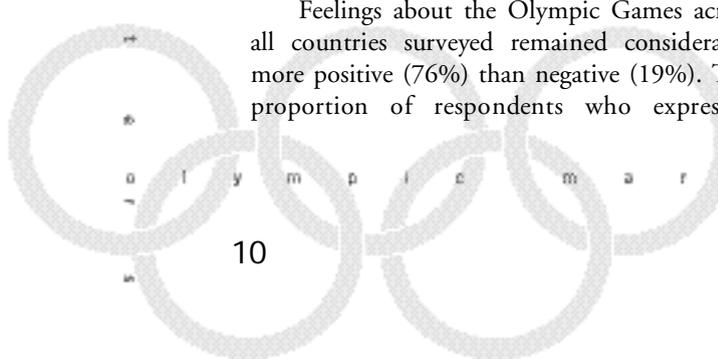
Question: The Olympic Games are financed in large part by corporate sponsorship. Based on recent events, would you say that your support for the Olympic sponsors has increased, decreased, or stayed the same?



Seventy-four percent of respondents say their opinion of sponsors has either increased or stayed the same. This is an increase of seven percentage points from Wave 1 data. This figure shows a significant increase over previous levels of support for Olympic sponsors found in research conducted during past Games.

IOC Marketing Director Michael Payne recently stated: “In recent years the IOC has placed greater emphasis on communicating the value and impact of corporate sponsorship to the Olympic Movement. Special pieces that explain the role of sponsorship, which have appeared in such publications as *Fortune* and *TIME International*, have helped increase the public’s awareness of and appreciation for Olympic sponsorship.

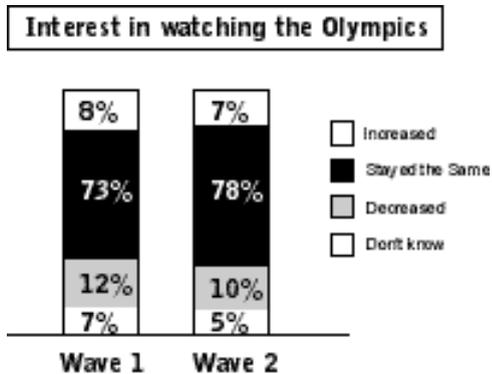
“In the end, however, the recent publicity surrounding the sponsors’ role in funding the Games and the athletes has delivered the message to the public, who previously did not always connect sponsorship to the direct financial





support for athletes. Media comments about the danger that potential sponsor withdrawals would pose to the Olympic Movement has highlighted the critical role that sponsors play.

Question: *Based on recent events, would you say that your interest in watching the Olympic Games has increased, decreased, or stayed the same?*



In Wave 1 and Wave 2, respondents expressed record levels of intent to watch the Olympic Games on TV (92% and 95%, respectively) — higher than any previous Olympic viewer-intent levels, and the highest intent levels of any event in the world. Overall, respondents seemed unaffected by the recent Olympic crisis, as interest in watching the Olympic Games broadcasts stayed the same by an overwhelming percentage. This is especially heartening, given that the Sydney Games are 15 months off, and that there is little to no current Olympic commercial activity in the market place.

United States Olympic Committee Survey Finds Strong Support for Athletes, Sponsors, and Games

The USOC initiated independent research that was conducted by Wirthlin Worldwide Research. According to a survey conducted in late January 1999, 83 percent of respondents expressed positive to strongly positive feelings about the Olympic Games. Ninety percent recognized that the Olympic crisis did not involve Olympic athletes in any way. Ninety-one percent of those surveyed stated that their feelings for Olympic athletes either had not changed or had become more positive since the disclosure of the Olympic crisis.

Seventy-three percent of the U.S. public surveyed agreed that companies who support the Olympic Games deserve their business — a higher percentage than ever in the past decade of research on Olympic sponsorship. Seventy-four percent stated that their attitude toward Olympic sponsors had not changed — while 11 percent reported even more positive feelings toward sponsors since the crisis.

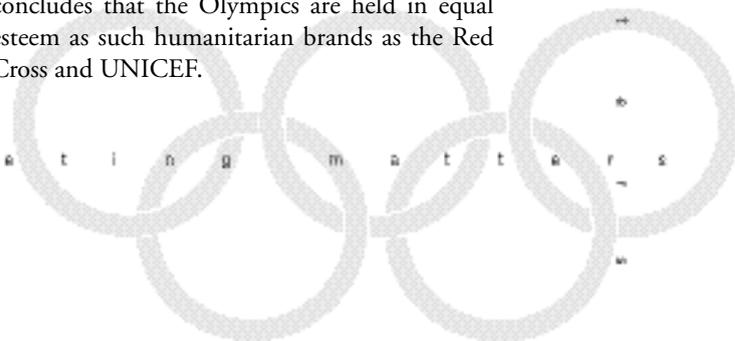
Eighty-six percent stated that the crisis had not altered their interest in watching the Games on television.

Research Validates the Olympic Brand/Image

In 1998 the IOC initiated a research project, with Meridian Management SA and Edgar Dunn & Company (based in San Francisco), to help create a strategic marketing plan for the future that is rooted in the core philosophies and values of Olympism. The research included 5,500 interviews in 11 countries and more than 250 in-depth, one-on-one interviews with members of the Olympic Family, sponsors, and broadcasters. The results provide the largest, most comprehensive body of data ever collected on the Olympic brand/image.

Initial findings in the latest IOC research confirm global consumers' perceptions about the core values of the Olympic brand/image. Research conducted by various parties before, during, and since the time of the Olympic crisis illustrates that the public continues to hold the Olympic Games, the Olympic athletes, and the Olympic ideals in high esteem. The basic philosophy and the fundamental principles of the IOC are, according to global research on the Olympic image, the most publicly identifiable characteristics of the Olympic Movement.

The 1998 research further illustrated a strong differentiation in the public's mind about the Olympic brand/image as compared to other brands. Research shows that the Olympic Games are held in higher esteem than the world's leading commercial brands and other top global sport properties/brands because of the value-based core of the Olympic brand/image. Research also concludes that the Olympics are held in equal esteem as such humanitarian brands as the Red Cross and UNICEF.





The IOC intends to conduct further in-depth research on the 1998 brand/image data early in the summer of 1999.

A strategic marketing plan is being developed so that all Olympic marketing activities can be soundly directed toward properly promoting and enhancing — and not trivialising — the Olympic ideals. The plan has many benefits:

- For the Olympic Family, it will provide a more standardised approach to Olympic marketing activities with uniform, brand-based goals and objectives.
- For sponsors, it will provide a framework of global IOC marketing planning by which they can coordinate their own activities.
- For broadcasters, it will provide greater clarity for the communication of core messages and the presentation of the Olympic Games.

For information on the Olympic brand, please contact: Terrence Burns, Senior Vice President, Meridian Management SA, 404.816.7979.

Olympic Brand Project Sparks Advertising Campaign

The IOC is currently planning to use results from the Olympic brand/image study as the basis for a global advertising campaign for the Olympic Movement. The advertising campaign is a component of the IOC marketing communications plan, which has been under development as an important element within the overall Olympic Strategic Marketing Plan. The objective of the advertising will be to reinforce the core values of the Olympic brand/image as expressed by consumers around the world in global brand research.

The campaign will use bartered media resources on a global basis. Resources consist solely of value in kind contributions from Olympic media partners. No IOC funds will be used to finance the campaign. Over the past few years, the IOC has factored into many of its partner agreements promotional and media time, including: television spots in prime time worldwide; special in-flight programming on airlines; print space in TIME-Warner worldwide and in Fairfax and News Ltd. in Australia.

SYDNEY 2000 — THE MOST SUCCESSFUL OLYMPIC MARKETING PROGRAMME TO DATE



SOCOG budget cuts in April 1999 initiated commentary and speculation concerning the financial condition of the Sydney 2000 Olympic Games. There has also been speculation about the impact of the recent Olympic crisis on the Sydney marketing programme.

Early in 1998, it was established that the revised SOCOG revenue targets, which had twice been increased since the time of the Sydney bid, were very ambitious — especially when set against the size of the Australian market and set against the backdrop of a developing Asian economic crisis.

The marketing programmes for the Sydney 2000 Olympic Games are the most successful of any Olympic Games marketing programme to date.

“SOCOG and its marketing team are to be congratulated on an excellent marketing result — far in excess of anything forecast in Sydney’s bid. With the Organising Committee still forecasting a A\$30 million profit, we do not foresee any financial problems for the staging of a great Games.”

—Jacques Rogge, IOC Executive Board Member, Chairman of IOC Co-ordination Commission for Sydney 2000.

- Sixteen months prior to the Games, SOCOG’s current revenue total is more than \$1.7billion, which is already nearly double the target Games revenue total of \$967 million that was projected in the Sydney bid book.
- The IOC has been responsible for providing more than \$1.1 billion — close to 60 percent of SOCOG’s total budget — to the Sydney 2000 Games through television rights fees, TOP programme revenue, and other international marketing agreements. This is \$300 million more than the IOC provided for the Centennial Games in Atlanta.



- Sixteen months prior to the Games, SOCOG's current revenue total exceeds the total from the Atlanta Games, despite that Australia's market size is only five percent of the United States' market.

2000 Olympic Games. Linfox, Mistral, and Ramler, all family-owned and Melbourne-based companies, will provide a variety of goods and services to the staging of the Games.

Per capita Olympic sponsorship revenue:
 United States — Atlanta 1996: \$1.60
 Australia — Sydney 2000: more than \$22.

- The Sydney marketing programmes have been so successful that support for several key programmes has increased:
 - Budgeted AOC grant funding has increased from A\$60 million to more than A\$160 million for athlete training and future legacy funds — payable from television revenue provided to SOCOG by the IOC.
 - The SOCOG budget still forecasts a profit of A\$30 million. This is ten times more than the profit from the Atlanta Games.
- Sydney has signed several corporate sponsorships since March 1999:
 - On 29 March 1999 it was announced that the Japanese-based manufacturer, Mizuno, would support the Sydney 2000 Olympic Games with a sponsorship deal providing sporting equipment. The deal continues Mizuno's 75-year association with the Olympic Movement.
 - Three leading Australian companies recently agreed to support the Sydney

Team Millennium Olympic Partners

(marketing rights in Australia)

| | |
|---|---|
| Telstra | Telecommunication Services |
| Westpac Banking Corporation | Banking Services |
| BHP | Steel Products |
| Westfield | Shopping Centres |
| AMP | Insurance |
| Ansett Australia & the Official Airline Team | Airline |
| Energy Australia | Energy Management |
| Swatch | Timing & Time pieces |
| News Ltd. | Media |
| John Fairfax Holdings media group | Media |
| Seven Network | Broadcast |
| Holden | Automobiles |
| Pacific Dunlop | Cables, bedding, casual uniforms, vehicle batteries and tyres |

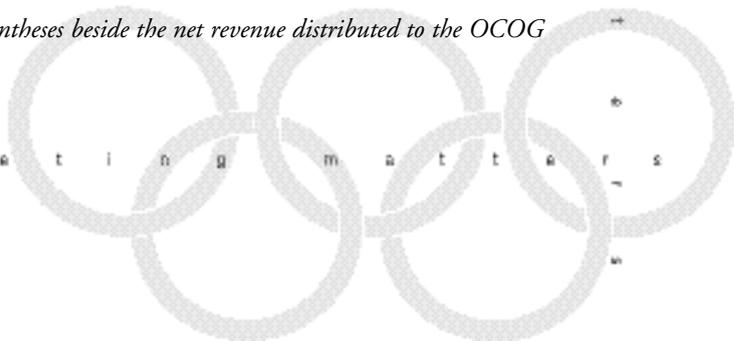
The facts below illustrate that the Sydney 2000 Games should not be in financial jeopardy. The Games marketing programmes are more healthy and profitable than any in history.

SYDNEY 2000 REVENUE EVOLUTION

| Revenue Source (US\$ millions) | Barcelona 1992 | Atlanta 1996 | Sydney Bid Book | Sydney Revised Budget |
|--------------------------------|----------------|--------------|-----------------|-----------------------|
| TV Rights | 441 (636) | 565 (895) | 488 | 791 (1318*) |
| TOP General | | >100 | 90 | 107 |
| TOP Technical | | 150 (est.) | | 150 (est.) |
| OCOG Sponsorship | 300 | 450 | 207 | >400 |
| Licensing | 12.5 | 50 | 43 | 45.7 |
| Ticketing | 77 | 425 | 139 | 421 |

() Gross global revenues from television rights fees appear in parentheses beside the net revenue distributed to the OCOG

*Gross global television rights fees negotiated to date





SALT LAKE 2002

- To date, the revenue for the 2002 Olympic Winter Games in Salt Lake (at \$900 million plus) exceeds the total revenue that was projected in the Salt Lake bid book — and not one ticket for the Games has been sold. Sponsorship revenue is already 50 percent over the bid book targets.
- Television revenues negotiated to date for the Salt Lake Olympic Winter Games total \$748

million, of which the IOC will distribute US\$445 million to SLOC. The rest of the revenue will be distributed to all 200 NOCs through Olympic Solidarity and to the IFs.



- The IOC has provided SLOC with contracts of more than \$600 million — which alone represents 40 percent more than the total budget of the 1994 Olympic Winter Games in Lillehammer.

OLYMPIC WINTER GAMES — SALT LAKE 2002 REVENUE EVOLUTION

| Revenue Source (US\$ millions) | Lillehammer 1994 | Nagano 1998 | SLOC Bid Book | SLOC 1998 |
|--------------------------------|------------------|-------------|---------------|------------|
| TV Rights | 212 (353) | 308 (513) | 313 | 445 (748*) |
| TOP General | 50 | 70 | 50 | 78 |
| TOP Technical | 40 | 75 + | | 122 |
| OCOG Sponsorship | 75 | 200 | 261 | 550 |
| Licensing | 20 | 14 | 37 | 52 |
| Ticketing | 23 | 91.3 | 83 | 162 |

() Gross global revenues from television rights fees appear in parentheses beside the net revenue distributed to the OCOG

*Gross global television rights fees negotiated to date

SLOC Mascots Debut

The three mascots for the Salt Lake Olympic Winter Games were introduced on 15 May 1999 at a community celebration that attracted an audience of 15,000. SLOC's mascots — a hare, a coyote, and a bear — represent the three elements of the Olympic motto: citius, altius, fortius, or "swifter, higher, stronger."

At that time, SLOC also placed licensed Olympic goods on sale. Salt Lake merchandise was an instant success, as \$75,000 worth of merchandise was sold in the first two hours.

SLOC Names Three New Supporters

Three Utah-based companies announced their corporate support for the 2002 Olympic Winter Games in May 1999.

- Marker signed an agreement to become the official outfitter for the Games and the Olympic Torch Relay.
- O.C. Tanner will supply the victory and commemorative medals.
- Questar will supply natural gas to the venues and will fuel the Olympic flame.

Technology Consortium for the Salt Lake Games

Corporate partners in technology fields, including the SEMA Group and Seiko, will form a consortium to contribute to the staging of the Salt Lake Olympic Winter Games. Negotiations continue with other companies.



| | | |
|--|--|---|
| OPUS Partners (marketing rights in US) | | |
| General Motors AT&T | | Vehicle-Domestic/Auto Repair Telecommunications/Long Distance/ Paging Service/Cellular Service |
| Texaco Bank of America Budweiser U S WEST | | Retail Oil & Gas Retail and Corporate Banking Services Malt Beverages Local Telecommunications/PCS Service |
| OPUS Sponsors | | |
| Lucent Technologies Seiko Marker | The Home Depot Blue Cross Blue Shield | Delta Air Lines York |
| OPUS Suppliers | | |
| Drake Beam Morris | O.C. Tanner | Questar |

UPDATES

Olympic Video Game License

The IOC and International Sport Multimedia Publishing have agreed to produce multi-sport computer video games based on the Olympic Games. The world's market leaders in the industry are developing the games: Geoff Brown (developer of the video games for the 1992 Olympic Games, 1994 Olympic Winter Games, and 1996 Centennial Games); ATD (developers of *Rollcage*, and *UEFA Champions League*); and EIDOS (publishers of the *Tomb Raider* series).

The IOC has granted rights for the 2000, 2002, and 2004 Olympic Games, allowing an unprecedented investment in game development. The computer games will feature:

- The ability to train and “nurture” athletes before “qualifying” for the Olympic Games.
- Visual realism, with ripples in the swimming pool and sand spraying from the triple jump.
- “Live” multi-lingual commentary.

For further information, please contact:

Nigel Collier at Attention to Detail (ATD)

Tel: +44.1926 843 444

Fax: +44 1926 843 636

Web: www.atd.co.uk

email: nigelc@atd.co.uk

Sydney TV

There were a total of 500 television sets in all of Australia during the Melbourne 1956 Olympic Games. The Sydney 2000 broadcast operation will require more than 700 television cameras.

Research is currently underway to estimate the global TV audience for Sydney. The IOC is working with other sports bodies and media monitoring agencies to draw up a standard for future event ratings analysis, to allow for proper comparisons.

To date, cumulative audience measuring mechanisms have varied from event to event — making it impossible and incorrect to compare, especially when media use unduplicated numbers for Olympics of 3.5 billion against cumulative audiences for World Cup and other events. In all major markets outside of South America and Africa, the Olympic Games continue to be the top-rated event in the world.



New Marketing Appointments within the Olympic Family

IOC Director of Communications — Franklin Servan-Schreiber was appointed the IOC Director of Communications. He is responsible for the co-ordination of worldwide communications and new media development. Mr. Servan-Schreiber can be reached via e-mail at: franklin.servan_shreiber@olympic.org.

USOC Names New Marketing Chief — John Krimsky, USOC Deputy Secretary General and Managing Director of Business Affairs, has resigned. Dave Ogrea, executive director of USA Hockey, assumes the title USOC Deputy Executive Director for Marketing.

SLOC Names New VP of Marketing — Mark Lewis, former Senior Vice President of Business Affairs at Meridian Management SA, has been named Vice President of Marketing and Licensing at SLOC. This appointment coincides with the promotion of Don Stirling to Managing Director of Sales and Marketing at SLOC.

ATHOC Names Marketing Director — The Athens Organising Committee for the Olympic Games (ATHOC) has appointed George Bolos as the Director General for Marketing and Communication.

Marketing Matters on the Internet:

This and future issues of this newsletter will be available on www.olympic.org.

FOR MORE INFORMATION CONTACT

| | | | |
|---|--|---|--|
|  |  |  |  |
| INTERNATIONAL OLYMPIC COMMITTEE | SYDNEY ORGANISING COMMITTEE FOR THE OLYMPIC GAMES | SALT LAKE ORGANISING COMMITTEE FOR THE OLYMPIC GAMES | ATHENS ORGANISING COMMITTEE FOR THE OLYMPIC GAMES |
| Château de Vidy 1007 Lausanne, Switzerland Tel: 41.21.621.6111 Fax: 41.21.621.6216 | Sydney NSW Australia Tel: (61.2) 9297.2000 Fax: (61.2) 9297.2020 | Salt Lake City USA Tel: (1.801) 212.2002 Fax: (1.801) 364.7644 | Athens Greece Tel: (30.1) 324.0004 Fax: (30.1) 323.2004 |
| Michael Payne <i>Marketing Director</i> | John Moore <i>Group General Manager, Marketing and Image</i> | Mark Lewis <i>Vice President of Marketing and Licensing</i> | Costas Bakouris <i>Managing Director</i> |
| Franklin Servan-Schreiber <i>Director of Communications</i> | Karen Webb <i>Marketing Communications</i> | Shelley Thomas <i>Senior Vice President of Communications</i> | George Bolos <i>Director General for Marketing and Communication</i> |
| Elizabeth McMahon <i>Marketing Services</i> | | | |
| www.olympic.org | www.sydney.olympic.org | www.slc2002.org | www.athens2004.gr |

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