AGREEMENT IN PRINCIPLE RELATING TO PENSION PLAN SURPLUS & SUPPLEMENTARY HEALTH CARE PLAN COST MANAGEMENT

BETWEEN:	**CBC/RADIO-CANADA** (The "Employer")
AND:	**SYNDICAT CANADIEN DE LA FONCTION PUBLIQUE (SCFP)** **ASSOCIATION DES PROFESSIONNELS ET SUPERVISEURS (APS)** **SYNDICAT DES TECHNICIEN(NE)S ET ARTISAN(E)S DU RÉSEAU FRANÇAIS DE RADIO-CANADA (STARF)** **CANADIAN MEDIA GUILD (CMG)** **ASSOCIATION DES RÉALISATEURS DE RADIO-CANADA (AR)** **CBC PENSIONERS' ASSOCIATION/ASSOCIATION DES RETRAITES DE LA SRC** (Collectively referred to as the "Unions")

WHEREAS the parties have entered into discussions regarding pension plan surplus issues and health care plan cost management (the "Issues");

WHEREAS it is in the interest of all parties to settle outstanding matters relating to the Issues;

WHEREAS the parties had entered into an agreement in principal on May 1, 2008 regarding certain of the Issues (the "Agreement");

WHEREAS there remained outstanding issues to be discussed and resolved as identified in Appendix A of the Agreement;

WHEREAS the parties have resolved the outstanding issues and wish to enter into a final agreement in principle (the "Agreement in Principle");

WHEREAS the parties agree that the Appendices form an integral part of the present Agreement in Principle;

WHEREAS the parties agree that the Agreement in Principle replaces all previous agreements, whether verbal or written, and notably the Agreement executed by the parties on May 1, 2008.

NOW THEREFORE THE PARTIES HEREBY AGREE AS FOLLOWS:

1. The parties agree to pursue and sign a Memorandum of Agreement concerning the issues of pension plan surplus and supplementary health care plan cost management. The Memorandum of Agreement will replace and supersede the present Agreement in Principle. The Agreement in Principle will be presented to the CCSB for approval, and the parties will then sign a Memorandum of Agreement of the presents and recommend it for ratification by no later than September 30, 2008;

2. The parties have arrived at an agreement in principle relating to pension plan surplus sharing as identified in Appendix B, herein attached;

3. The parties have arrived at an agreement in principle relating to supplementary health care plan cost management as identified in Appendix C herein attached;

4. The parties have arrived at an agreement with respect to certain issues involving the roles and powers of the CCSB, as identified in Appendix D herein attached;

5. The parties agree to be bound by the general terms, as identified in Appendices A, B, C and D, in the formulation of a Memorandum of Agreement;

6. The Unions acknowledge that they will withdraw all related grievances and arbitrations as identified in Appendix A, upon signing of a Memorandum of Agreement;

7. The Pensioners' Association and Donald Waterston accept and agree to settle the Class Action Suit # 04-CV-278718 CP and to institute the necessary measures to have the present Agreement in Principle as well as the Memorandum of Agreement to follow apply to all pensioners;

8. The Syndicat canadien de la fonction publique (SCFP) as well as the Unions who are interested parties to the Requête du mis en cause de première part – requérant pour permission d'en appeler (court # 500-17-032165-063) filed on May 8, 2008, will settle by no later than September 30, 2008 the motion for permission to appeal filed with respect to the judgment of Justice Jeannine Rousseau of April 11, 2008. A declaration of out of court settlement will be filed;

9. The parties agree that the implementation of the Memorandum of Agreement to follow is subject to legal review and ratification by all parties by September 30, 2008 at the latest;

10. The parties agree to provide for a dispute resolution mechanism in the Memorandum of Agreement, in the form of commercial arbitration or another agreed upon process, and notably name an arbitrator to address all disputes arising out of the Memorandum of Agreement;

11. It is agreed that there shall be no communication, whether it be internal or external, regarding the present Agreement in Principle, the Agreement and/or negotiations leading to such agreements prior to the execution of the Memorandum of Agreement to follow; the parties agree to discuss the content of any communications to be issued by any party.

IN WITNESS WHEREOF, this agreement has been executed in (   ) copies,

In Ottawa, this 9th day of June, 2008.

*Dan Oldfield__CMG*___________
NAME OF THE SIGNATORY
AND ORGANIZATION REPRESENTED

____
SIGNATURE

*Jacqueline Turgeon___SCFP*___
NAME OF THE SIGNATORY
AND ORGANIZATION REPRESENTED

____
SIGNATURE

Marc-Philippe Laurin___CMG___
NAME OF THE SIGNATORY
AND ORGANIZATION REPRESENTED

____
SIGNATURE

*Claude Godin___AR*__________
NAME OF THE SIGNATORY
AND ORGANIZATION REPRESENTED

____
SIGNATURE

Pierre Racicot_Pensionner's Association
NAME OF THE SIGNATORY
AND ORGANIZATION REPRESENTED

____
SIGNATURE

*Mario Poudrier___APS*_________
NAME OF THE SIGNATORY
AND ORGANIZATION REPRESENTED

____
SIGNATURE

François Lewis__STARF NAME OF THE SIGNATORY AND ORGANIZATION REPRESENTED	*George Smith__CBC/Radio-Canada* NAME OF THE SIGNATORY AND ORGANIZATION REPRESENTED
SIGNATURE	SIGNATURE
Carole Bélanger__CBC/Radio-Canada NAME OF THE SIGNATORY AND ORGANIZATION REPRESENTED	*Patricia Vincent__CBC/Radio-Canada* NAME OF THE SIGNATORY AND ORGANIZATION REPRESENTED
SIGNATURE	SIGNATURE
Richard Leblanc__CBC/Radio-Canada NAME OF THE SIGNATORY AND ORGANIZATION REPRESENTED	NAME OF THE SIGNATORY AND ORGANIZATION REPRESENTED
SIGNATURE	SIGNATURE
NAME OF THE SIGNATORY AND ORGANIZATION REPRESENTED	NAME OF THE SIGNATORY AND ORGANIZATION REPRESENTED
SIGNATURE	SIGNATURE

Appendix A

List of grievances

Grievance numbers	
CMG	**AR**
N370 N33 N45 N36 N47 N407 NT-07-22E	M-119 M-159 M-165 M-180 M-181
STARF	**SCFP**
N-95 N-103 N-120 N-153 N-157 N-166	M-1490 M-1510 M-1565 M-1569 M-1642 M-1654

Appendix B

CBC Pension Plan

Basic Principles related to the Agreement on Surplus Sharing

1. Basic principles

- "Fresh start"
- Unions commit to drop pension grievances/arbitration indicated in Appendix A
- Pensioners agree to settle their class action as set forth in the Memorandum of Agreement to follow
- Surplus available for sharing purposes is the lesser of:
  - going-concern surplus in excess of 5% of going-concern liabilities, and
  - solvency surplus in excess of 5% of solvency liabilities

  However, the surplus available must be at least equal to the excess surplus as defined under the Income Tax Act.
- CBC must contribute the full current service cost if there is no surplus available for sharing
- CBC's share is 50% of the available surplus, and shall be utilized to provide contribution reductions
  - Capped to the CBC's estimated current service cost for the years covered by the actuarial valuation
- Members' share is also 50%, which could be split between members in proportion to member contributions with interest
  - Capped to the CBC's estimated current service cost for the years covered by the actuarial valuation
  - Paid as lump-sum (CBC Group RRSP / FlexPen transfer will be offered to active members)
- CBC's share and members' share will be utilized in the first year, subject to the following:
  - Maximum utilization in a given year is limited to twice the CBC's estimated current service cost for that year
  - Any share not utilized in the first year will be utilized in the 2nd year and, if required, the 3rd year.
- If the financial situation deteriorates and either of the going-concern ratio or the solvency ratio reduces to less than 105%, any surplus utilization with respect to the second or third year covered by the actuarial valuation, as applicable, shall cease for all parties, provided that this would be supported by an actuarial opinion prepared as of the pension plan's applicable year-end and filed with the applicable governmental authority in compliance with the principles established previously and subject to any use of the residual excess surplus
- CBC would have a priority to recover additional contributions made to fund a plan deficit. Therefore, an amount would be tracked to ensure that CBC will first recover special payments. Interest at the going-concern discount rate will be credited to this amount.
- The surplus sharing agreement is contingent to an agreement on the health care plan
- The agreement assumes no significant change to the legal environment in which the plan operates. In the event of a significant change to the legal environment, the parties agree to

meet to discuss the specific issue of the significant change to the legal environment and its direct impact on the relevant aspect of the surplus sharing agreement

- CBC commits to a defined benefit pension plan
- CBC would forego the notional $89 million that was set aside in 2000
- 3 year actuarial valuation (elimination of 10 year surplus amortization), unless otherwise required by law
- Unions and associations will not commence, or continue, any legal actions, arbitrations or grievances based on the same facts as are the subject matter of the surplus sharing agreement

2. Summary of proposed approach under different funding ratios

Solvency ratio / Going-Concern ratio	Below 100%	100%-105%	105%-110%	110% +
Below 100%	CBC pays additional contributions	CBC pays additional contributions	CBC pays additional contributions	CBC pays additional contributions
100%-105%	CBC pays additional contributions	Surplus kept in the Plan	Surplus kept in the Plan	Surplus kept in the Plan
105%-110%	CBC pays additional contributions	Surplus kept in the Plan	Sharing surplus in excess of 5% (50% - 50%)[2]	Sharing surplus in excess of 5% (50% - 50%)[2]
110% +	CBC pays additional contributions	Sharing surplus (50% - 50%)[1,2]	Sharing surplus in excess of 5% (50% - 50%) [2,3]	Sharing surplus in excess of 5% (50% - 50%) [2,3]

[1] Surplus shared to the extent required by the Income Tax Act, otherwise surplus is kept in the plan.

[2] CBC will first recover previous additional contributions, if any, before sharing surplus.

[3] If the solvency surplus has to be reduced to less than 5% because of an Excess Going-Concern Surplus under the Income Tax Act, the portion of surplus so used that represents solvency surplus below 5% would be shared 50%-50%.

Appendix B

CBC Pension Plan

Supplementary information related to the agreement on surplus sharing

- CBC's share of the available surplus shall be utilized to provide contribution reductions
- Members' share shall be split between members in proportion to member contributions with interest, and shall be utilized to provide annual lump-sum payments
- CBC's share and members' share shall be both capped to the value of the full CBC's estimated current service cost for the years covered by the actuarial valuation
- CBC's share and members' share shall be utilized as soon as possible subject to other applicable provisions of the agreement on surplus sharing, and provided that the CBC's utilization and members' utilization for a given year shall be both capped to the value of the full CBC's estimated current service cost for the given year
- If the financial situation deteriorates and either of the going-concern ratio or the solvency ratio reduces to less than 105%, any surplus utilization with respect to the second or third year covered by the actuarial valuation, as applicable, shall cease for all parties, provided that this would be supported by an actuarial opinion prepared as of the pension plan's applicable year-end and filed with the applicable governmental authority and subject to any use of the residual excess surplus
- CBC's additional contributions made to fund a plan deficit would be tracked under the "CBC Account"
- The parties will re-examine the terms and conditions of the agreement on surplus sharing every 10 years, commencing in 2019

On the surplus available for sharing purposes:

- Before being shared as per the agreement on surplus sharing, any available surplus at the date of a given actuarial valuation will first be reduced by the CBC Account or a portion thereof, if any, and by any utilization that was scheduled to take place under the previous valuation during the first six months covered by the new actuarial valuation, provided that the available surplus will not be reduced to less than $0
- The available surplus to be shared cannot exceed twice the amount by which the value of the full CBC's expected current service cost for the years covered by the actuarial valuation exceeds the CBC Account

On the members' share:

- It will be split between members in proportion to member contributions with interest (MCWI). For active members, MCWI is determined on the valuation date. For pensioners, and surviving spouses, MCWI is determined on the pensioner's retirement date or date of death of the member whichever occurs first and is based on the applicable percentage[1] for surviving spouses. For members entitled to a deferred

[1] The applicable percentage will be: 60% for a surviving spouse, 12% for a child if there is a surviving spouse and 24% for a child if there is no surviving spouse

pension, MCWI is determined on the termination date. For eligible children, MCWI is determined on the pensioner's retirement date or date of death of the member whichever occurs first and is based on the applicable percentage[1]

- It will be paid as an annual lump-sum, less applicable withholding taxes, to eligible members[2] by October 1st of the applicable year. As an option for active members, it can be directly transferred to the CBC Group RRSP or to the FlexPen account, provided that the member confirms sufficiency of RRSP or FlexPen room, as applicable
- Eligible members include all active members[3] on the date of the actuarial valuation (Eligible Active Members), pensioners receiving a pension on the date of the actuarial valuation (Eligible Pensioners), surviving spouses receiving a pension on the date of the actuarial valuation (Eligible Surviving Spouses), children receiving a pension on the date of the actuarial valuation (Eligible Children),and members entitled to a deferred pension on the date of the actuarial valuation (Eligible Deferred Members). For payments in the second and third year of a valuation, the following conditions must be met on January 1 of that year:
    - The Eligible Active Member must either be an active member or a member entitled to a deferred pension or a pensioner receiving a pension or must have a surviving spouse receiving a pension (in which case the MCWI shall be based on the applicable percentage[1]) or a child receiving a pension (in which case the MCWI shall be based on the applicable percentage[1])
    - The Eligible Deferred Member must either be a member entitled to a deferred pension or again become an active member or a pensioner receiving a pension or must have a surviving spouse receiving a pension (in which case the MCWI shall be based on the applicable percentage[1]) or a child receiving a pension (in which case the MCWI shall be based on the applicable percentage[1])
    - The Eligible Pensioner must either be a pensioner receiving a pension or again become an active member or must have a surviving spouse receiving a pension (in which case the MCWI shall be based on the applicable percentage[1]) or a child receiving a pension (in which case the MCWI shall be based on the applicable percentage[1])
    - The Eligible Surviving Spouse must still be a surviving spouse receiving a pension
    - The Eligible Child must still be an eligible child receiving a pension

  For greater certainty, for the payments in the second and third year of a valuation, the eligible member must be alive on January 1st of that year otherwise must have a surviving spouse receiving a pension or a child receiving a pension on January 1st of that year (in which cases the MCWI shall be reduced)

On the CBC's share:

- The amount to be utilized for a given year will be used by CBC to reduce its contributions from July 1 of that year to June 30 of the following year.

On the CBC Account

- The CBC Account will be utilized as soon as possible by CBC to reduce its contributions, but any utilization amount with respect to the three-year period covered by the actuarial valuation cannot exceed the amount of surplus available

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[2] Subject to confirmation by Canada Revenue Agency

[3] Members who are disabled, on maternity leave, or on any type of leave of absence recognized by the pension plan are considered active members

On the amortization period for the utilization of the CBC's share and members' share:

- The parties intend to utilize the surplus shares as soon as possible during the three years covered by the actuarial valuation. However, the surplus utilization may be reduced, postponed or cancelled at some point in time due to the following:
  - The utilization of the CBC Account. In this case, the surplus utilization will be postponed until the CBC Account has been fully used and will be used as soon as possible during the remaining period, if any, in the three-year period covered by the actuarial valuation
  - The maximum amount of surplus utilization with respect to a given year. CBC's utilization and members' utilization for a given year shall be both capped to the value of the full CBC's estimated current service cost for the given year
  - The filing of a new actuarial valuation. If a new actuarial valuation is filed before the three years covered by the current actuarial valuation, all remaining surplus shares and utilizations scheduled under the current actuarial valuation with respect to a year covered by the new actuarial valuation will be cancelled
  - The amount of surplus determined in the actuarial opinion related to the financial statements of the pension plan. If the amount of surplus determined in the actuarial opinion according to the principles established exceeds the amount of surplus to be utilized for the second or third year covered by the actuarial valuation, then the payments will be made as expected otherwise the surplus utilization for the given year will be reduced, cancelled, or postponed to the third year, as applicable.
- The CBC's share and the members' share for the years covered by the actuarial valuation shall be equal at the date of the actuarial valuation
- The utilization of the CBC's share and the utilization of the members' share for each year covered by the actuarial valuation shall be equal at the date of the actuarial valuation
- A reconciliation of all the utilization's shares for the 12-month period ending June 30th, taking into account retroactive current service contributions that could be made after June 30th further to the filing of a new actuarial valuation, including interest at the going-concern discount rate, will be made on July 1st of every year:
  - If the utilization of the CBC's share exceeds the utilization of the members' share, the difference shall be utilized to increase, at the first possible date, the future members' share that would have been paid otherwise. For greater certainty, this future additional members' share will not be considered in subsequent reconciliation
  - If the utilization of the members' share exceeds the utilization of the CBC's share, the difference will be credited to the CBC Account
- All shares and related utilizations will accrue with interest at the going-concern discount rate to the expected date of payment or utilization, as applicable

General provisions:

- All fees required to implement and administer the agreement on surplus sharing will be paid by the pension plan
- All fees paid by the pension plan with respect to the lump-sum payments to eligible members, including related communication, recordkeeping and calculations, will be covered by the members' share
- The legal expenses incurred by the Pensioners Association in relation to the class action no. 04-CV-278718 CP will be covered by the surplus utilization with respect to Eligible

Pensioners and Eligible Surviving Spouses on the first occurrence of such utilization, and will therefore reduce the applicable annual lump sum payments to such members ***[legal review required]***

- The agreement on surplus sharing does not apply on a partial wind-up or the full wind-up of the pension plan in which case the applicable legislation will apply
- The Memorandum of Agreement is suspended when major legislative or economic changes are imposed or introduced which would prevent the parties from continuing the surplus sharing agreement, until reconfirmed or modified by the parties in the spirit of the principles of the Agreement
- A summary of all calculations required to apply the agreement on surplus sharing will be performed by CBC and its agents, will be disclosed to the Board of Trustees and the CCSB, will be approved by the Board of Directors, and will be binding for all parties, including calculations resulting from reasonable estimates
- Any amendments to the pension plan text required to implement the agreement on surplus sharing are subject to Ministerial approval; the agreement on surplus sharing is subject to such approvals

Appendix C

CONFIDENTIAL

Supplementary information related to SHCP process

A. Calculation of contribution to the Health Care Fund

Starting with calendar year 2010, and over a 10-year period, the employer will contribute to the Health Care Fund the amount determined in accordance with the Agreement in Principle. In consideration of that contribution, described in section 5, the future annual salary increases will be reduced, in accordance with the Agreement in Principle, by 0.1%.

As a general principle, all salary-related compensation elements impacted by this adjustment will be included in the calculation of the employer contribution to the Health Care Fund.

1. Compensation elements included in calculation

Compensation elements included in the calculation are comprised of:

- Base earnings
- Overtime, additional remunerations, and premiums linked to salary
- Basic life insurance premium for active employees and retirees
- Pension contributions (as determined based on current service cost)
- Long service benefits (benefit determination based on current salary)
- Salary-related statutory deductions (for employees who have not reached the maximum where applicable)

Excluded from the calculation are:

- Additional remunerations and premiums not linked to salary
- Travel accident premium, paid up life premium
- Health and dental premium
- Long service benefits (benefit determination based on frozen salary)
- Salary-related statutory deductions (for employees who have reached the maximum where applicable)

Appendix C

In appendix 1, a comparison is provided of:

- total employer-paid compensation and statutory deductions in 2007 versus
- employer-paid compensation and statutory deductions included in the calculation as described above.

Total employer-paid compensation and statutory deductions were $826,364,959 in 2007. The portion included in the calculation would have been $744,900,253.

2. Annual allocation factor

The annual allocation factor percentage that will be used to determine the employer contributions to the Health Care Fund is based on the formula outlined in the Agreement in principle (shown in Appendix 2 of Appendix C of the Agreement in principle). While the factors could in theory vary slightly depending on actual salary increases in the future, the applicable percentages have been determined in advance to simplify calculations. The resulting annual allocation factors are shown in Appendix 2 (these factors were determined based on assumed salary increases of 2.5% per year).

3. Adjustment to annual allocation factor

The annual allocation factors described above were determined assuming they would be applied to all included compensation (i.e. base earnings, overtime, and salary-based add rems and premiums, pension contributions, salary-related benefits and statutory deductions). For administrative reasons, the annual allocation factors will be applied to employees' base earnings when the pay is run.

An adjustment is therefore made to the annual allocation factors to reflect the value of other compensation elements that should be included in the calculation (overtime, salary-based add rems and premiums, pension contributions, salary-related benefits and statutory deductions). The adjustment is a factor of 1.258 based on the 2007 ratio of total compensation and statutory deductions included in the calculation divided by base earnings on which the percentage factor will be applied ($744,900,253 divided by $592,139,778).

The table in Appendix 2 shows the resulting factors for years 2010 to 2019 before and after the application of the adjustment factor. The adjustment factor will be updated every year to reflect any compensation changes that may have an impact on the calculation of the factor.

4. Employer-contributions based on bi-weekly payroll

The employer contributions to the Health Care Fund will be based on the bi-weekly payroll, calculated by applying the adjusted annual allocation factor to employees' base earnings as described above. The resulting employer contributions will be deposited every two weeks to the Health Care Fund.

Appendix C

5. Salary adjustments and employer contributions to the Health Care Fund

The 0.1% salary adjustment will take effect on the dates that salary scales normally take effect starting in year 2010.

Salary adjustments shall be made in each of the calendar years in the 10-year period immediately following 2009. It is understood the 0.1% salary adjustment will be derived by a reduction in future salary increases. However, in circumstances where no increase is provided, no employee will experience a reduction in salary.
The employer contributions to the Health Care Fund will begin in 2010 on the salary scale effective dates. Employer contributions will continue at the applicable rate for a full year for each respective group and will be adjusted on each salary scale effective date thereafter.

Projected employer contributions to the Health Care Fund on the basis described above are shown in Appendix 3. Illustrations of financial results for the SHCP and the Health Care Fund are shown in Appendix 4.

B. Decision process for changes to SHCP

As outlined in the Agreement in principle, recommendations for changes to the SHCP, if necessary, will be made by the Health Care sub-committee. Any recommended changes will have to be formally adopted by a resolution of the CCSB and approved by the Corporation before being implemented consistent with Appendix D.

Starting at the September 2010 CCSB meeting, quarterly financial reports will be presented. A review of the financial position of the plan will be conducted every year in accordance with the Agreement in Principle.

A full and complete review of the terms and conditions of the Memorandum of Agreement will be conducted every 10 years, commencing in 2019.

C. Health Care Fund

The Health Care Fund will be held on deposit with the insurer. Health Care Fund contributions will first be used to repay any existing deficit (i.e. cumulative SHCP costs in excess of the adjusted baseline cost as defined in the Agreement in Principle). Any excess contributions will be held with the insurer in an Unrestricted Deposit Account (UDA).

Note: All figures included in this document are for illustrative purposes only. Figures are subject to change with the inclusion or exclusion of certain employees. Final figures will be reflected in the Memorandum of Agreement.

Appendix 1

Compensation Elements Included in Calculation
Total Compensation and Statutory Deductions: 2007

COST	SUBGROUP	Total compensation and statutory deductions	Total compensation and statutory deductions included in calculation	
TOTAL SALARY	BASIC SALARY	$521,656,396	$521,656,396	
	ANNUAL LEAVE (taken/paid-out)	$52,303,994	$52,303,994	
	SHORT TERM DISABILITY	$15,827,683	$15,827,683	
	SPECIAL LEAVE	$1,722,550	$1,722,550	
	WSIB	$629,155	$629,155	
	BASE EARNINGS	$592,139,778	$592,139,778	
	ADD REMS /ALLOWS /PREMS IN LIEU OFS / OT + PEN. / TIL	$96,356,858	$67,775,917	*
TOTAL SALARY		**$688,496,636**	**$659,915,695**	
BENEFITS	LIFE (act. + retirees)	$5,468,319	$3,347,214	**
	DENTAL PLANS	$6,481,932	$0	
	SHCP (HEALTH)	$17,759,097	$0	
	BENEFITS	$29,709,348	$3,347,214	
PENSION		$53,059,588	$53,059,588	
LONG SVC BENEFIT		$8,323,263	$6,393,155	***
TOTAL BENEFITS		**$91,092,199**	**$62,799,957**	
STATUTORY DEDUCTIONS	CPP/QPP	$20,163,397	$3,515,893	****
	EI/QPIP	$9,337,396	$1,393,377	****
	TAXES & PREMIUMS	$17,275,331	$17,275,331	
TOTAL STATUTORY DEDUCTIONS		**$46,776,124**	**$22,184,601**	
TOTAL COMPENSATION & STATUTORY DEDUCTIONS		**$826,364,959**	**$744,900,253**	
Adjustment factor (included compensation and statutory deductions divided by base earnings)			**1.258**	

* Excludes car, living, meal and wardrobe allowances and lump sum payments not linked to salary

** Excludes travel, war insurance and paid-up life

*** Excludes employees with benefit determination based on frozen salary

**** Amounts for employees who didn't reach the maximum EI/QPIP/CPP/QPP/ contributions.

Note: All figures included in this document are for illustrative purposes only. Figures are subject to change with the inclusion or exclusion of certain employees.

Final figures will be reflected in the Memorandum of Agreement.

Appendix 2

Employer Contributions to the Health Care Fund - Annual Allocation Factor

Year	Annual Allocation Factor (Expressed as a % of included compensation)	Adjustment factor *	Adjusted annual allocation factor (Expressed as a % of base earnings)
2010	0.098%	1.258	0.123%
2011	0.195%	1.258	0.245%
2012	0.293%	1.258	0.369%
2013	0.391%	1.258	0.492%
2014	0.489%	1.258	0.615%
2015	0.587%	1.258	0.739%
2016	0.686%	1.258	0.863%
2017	0.784%	1.258	0.986%
2018	0.882%	1.258	1.110%
2019	0.981%	1.258	1.234%

* Adjustment reflecting the values of other compensation elements included in calculation (overtime, salary-based add rems and premiums, pension contributions, salary-related benefits and statutory deductions)

Note: All figures included in this document are for illustrative purposes only. Figures are subject to change with the inclusion or exclusion of certain employees. Final figures will be reflected in the Memorandum of Agreement.

Appendix 3

Projected Employer Contributions to the Health Care Fund

Year	Assumed Payroll increase	Base Earnings (Net of Health Care Fund Allocation)	Adjusted Annual Allocation Factor (% of base earnings)	Annual Health Care Fund Allocation *	Cumulative Health Care Fund Allocation
2009	2.50%	$622,116,854			
2010	2.50%	$637,047,659	0.123%	$500,309	$500,309
2011	2.50%	$652,336,803	0.245%	$1,310,525	$1,810,834
2012	2.50%	$667,992,886	0.369%	$2,165,459	$3,976,293
2013	2.50%	$684,024,715	0.492%	$3,061,253	$7,037,546
2014	2.50%	$700,441,308	0.615%	$3,996,266	$11,033,813
2015	2.50%	$717,251,900	0.739%	$4,978,976	$16,012,789
2016	2.50%	$734,465,945	0.863%	$6,009,209	$22,021,998
2017	2.50%	$752,093,128	0.986%	$7,081,224	$29,103,222
2018	2.50%	$770,143,363	1.110%	$8,203,367	$37,306,589
2019	2.50%	$788,626,804	1.234%	$9,378,145	$46,684,734

* Assumes that the allocations will start on the respective effective dates of the salary scale adjustment for each bargaining unit (July 1 start date for Mgt and Confidential employees)

Note: All figures included in this document are for illustrative purposes only. Figures are subject to change with the inclusion or exclusion of certain employees. Final figures will be reflected in the Memorandum of Agreement.

SHCP and Health Care Fund Financial Projections
For Illustrative Purposes

Year	Assumed TB%	CBC Funding % (TB + 2%) *	Actual Cost **	Adjusted Baseline Cost (CBC Guaranteed Funding) ***	Annual Surplus / (Deficit)	Annual Contribution from Health Care Fund ****	Cumulative SHCP Surplus / (Deficit)	Cumulative Health Care Fund Balance
2009	2.50%	4.50%	$20,330,000	$19,855,000	($475,000)	$0	($475,000)	$0
2010	2.50%	4.50%	$21,753,100	$20,748,475	($1,004,625)	$500,309	($979,316)	$0
2011	2.50%	4.50%	$23,275,817	$21,682,156	($1,593,661)	$1,310,525	($1,262,452)	$0
2012	2.50%	4.50%	$24,905,124	$22,657,853	($2,247,271)	$2,165,459	($1,344,264)	$0
2013	2.50%	4.50%	$26,648,483	$23,677,457	($2,971,026)	$3,061,253	($1,254,036)	$0
2014	2.50%	4.50%	$28,513,877	$24,742,942	($3,770,934)	$3,996,266	($1,028,704)	$0
2015	2.50%	4.50%	$30,509,848	$25,856,375	($4,653,473)	$4,978,976	($703,201)	$0
2016	2.50%	4.50%	$32,645,537	$27,019,912	($5,625,626)	$6,009,209	($319,618)	$0
2017	2.50%	4.50%	$34,930,725	$28,235,808	($6,694,917)	$7,081,224	$0	$66,689
2018	2.50%	4.50%	$37,375,876	$29,506,419	($7,869,457)	$8,203,367	$0	$400,599
2019	2.50%	4.50%	$39,992,187	$30,834,208	($9,157,979)	$9,378,145	$0	$620,765

* Annual Treasury Board allocation for the current year plus 2% (Minimum of 4%)
** Assumed health care trend of 7% and 2008 SHCP cost assumed to be $19,000,000
*** Baseline cost adjusted with changes in SHCP eligible population. For illustration purposes, eligible population assumed to remain constant.
**** Up to ***$500,000*** from the Employee Funds on Deposit would be available to cover any 2009 deficit if 2010 health care fund contribution is insufficient to cover it. It is understood that no action is required if the projected contribution to the HCF in any given year is sufficient to cover any residual deficit outstanding at the end of the previous year.

Note: All figures included in this document are for illustrative purposes only. Figures are subject to change with the inclusion or exclusion of certain employees. Final figures will be reflected in the Memorandum of Agreement.

Appendix C

CBC/Radio-Canada
Supplementary Health Care Plan (SHCP) Process

- Current financial results are based on policy year (April – March).
  For the purposes of this exercise, results from the 2009 calendar year would be reviewed (January – December). In all subsequent years, the review will be based on the previous calendar year's results. See Appendix 1.

- A Health Care sub-committee comprised of representatives of CBC/Radio-Canada, the CCSB and Mercer, would meet in late January to review financial results for the previous 12 months, including projected costs for the upcoming renewal set for April 1.

- The Health Care sub-committee
  - agrees on any adjustments affecting plan costs based on the agreed-upon framework, that is, CBC/Radio-Canada's cost increases are capped at the Treasury Board allocation rate increase + 2.0 % (4.5% for illustrative purposes) but in no event will it be less than 4%;
  - considers and recommends actions to be taken; and
  - presents recommendations to the full CCSB at the March meeting for implementation on April 1 of any given year.

- Ongoing financial results of the plan would be presented every quarter at the CCSB for information purposes

Framework

- The baseline cost is based on actual 2008 SHCP costs (paid claims plus expenses/taxes) as reported by GWL
- The SHCP baseline cost will be increased at the Treasury Board allocation increase +2% (no less than 4%)
- The SHCP baseline cost will be further adjusted to reflect any change in the eligible population for SHCP
- Starting with calendar year 2009, actual SHCP costs (paid claims plus expenses/taxes) will be compared with the adjusted baseline costs. The Health Care sub-committee will agree on an appropriate course of action to keep actual costs in line with adjusted baseline costs.
- Commencing on January 1, 2010 and over a 10-year period, 0.1% of the negotiated salary increase will be allocated towards a health care fund on a yearly basis as illustrated in Appendix 2.
- Full and complete review of the plan after 10 years.

Appendix C

- The average headcount is defined as the average of the employee population eligible for SHCP coverage as of December 31 of the current and previous years.
  - As a example, the average for 2008 would be determined by taking the headcount at December 31, 2007 and December 31, 2008 and dividing by two.
  - Employees who pay the SHCP premium would be excluded from this process.
- It is understood that the annual experience reviewed by the sub-committee will be the claims, expenses and taxes paid from January 1 to December 31 of any given year as reported by the insurer.
- If the Treasury Board allocation is not known at the time of the review, the latest available figure would be used for the purposes of the review (not less than 4%). Once the actual figure is known, the adjusted baseline cost would be modified accordingly.
- If the plan is in a deficit on April 1, 2010 and if the health care fund does not have sufficient funds, the unions/associations agree to indemnify the Corporation to a maximum of $500,000 from the employee fund to cover the difference between the salary offset in 2010 and the deficit of 2009.
- The parties agree to include in each collective agreement the required dispositions in order to ensure the application of
  - The 0.1 % salary reduction to be deposited to the health fund.
  - A health care awareness plan.

Example

- Assume that actual SHCP costs for 2008 are $19 million
- Future cycle baseline costs adjusted to reflect eligible population variations year over year
- Sample baseline costs for years 2009-2018 would be illustrated as follows:

Baseline Year: 2008
Average Headcount 2008: 8,500
2008 cost $ 19,000,000
Baseline cost increase 4.5% (TB+2.0%)

CalendarYear	Average headcount	Baseline Cost	Adjustment Factor *	Adjusted Baseline Cost
2009	8,450	$ 19,855,000	0.9941	$ 19,738,206
2010	8,000	$ 20,748,475	0.9412	$ 19,527,976
2011	8,200	$ 21,682,156	0.9647	$ 20,916,904
2012	8,260	$ 22,657,853	0.9718	$ 22,018,102
2013	8,340	$ 23,677,457	0.9812	$ 23,231,764
2014	8,600	$ 24,742,942	1.0118	$ 25,034,036
2015	8,750	$ 25,856,375	1.0294	$ 26,616,856
2016	8,675	$ 27,019,912	1.0206	$ 27,576,204
2017	8,550	$ 28,235,808	1.0059	$ 28,401,901
2018	8,650	$ 29,506,419	1.0176	$ 30,027,121

* Adjustment Factor = average headcount for current year / 2008 average headcount

All figures are for illustrative purposes only.

Appendix C

Illustration of the process

- Cumulative excess funds/deficits (cumulative amounts in excess/below the adjusted baseline costs) are tracked as illustrated below
- The Health Care sub-committee takes into account cumulative surplus/deficit in recommending an appropriate course of action

Calendar year	Adjusted Baseline Cost	Actual Employer Cost	Annual Excess / (Deficit)	Health Care fund contribution*	Cumulative Excess / (Deficit)	Sample Action Taken
2009	$ 19,738,206	$ 19,700,000	$ 38,206	$ -	$ 38,206	No action required
2010	$ 19,527,976	$ 20,400,000	$ (872,024)	$ 816,406	$ (17,412)	Deficit repaid from health care fund
2011	$ 20,916,904	$ 21,900,000	$ (983,096)	$ 1,674,557	$ 674,049	Excess held as a fluctuation reserve

* See appendix 2 for details

All figures are for illustrative purposes only.

Appendix C

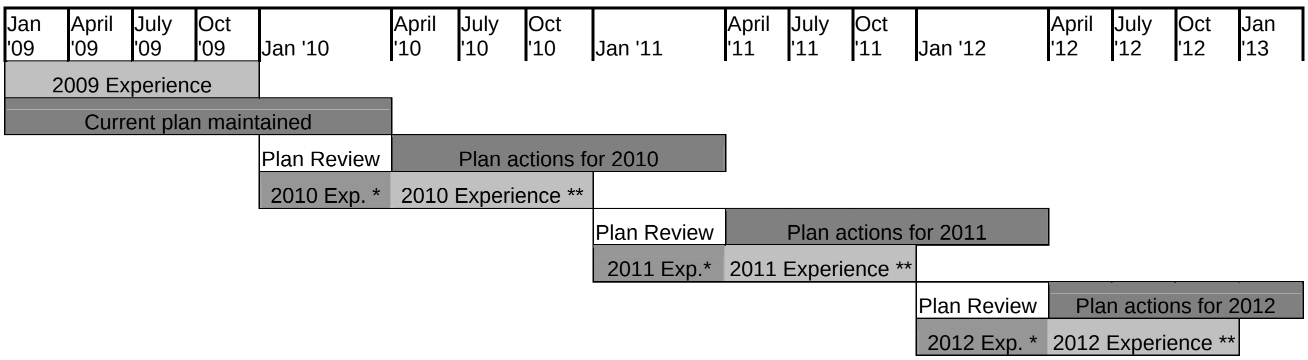
Appendix 1

Current plan design maintained in 2009 – Experience reviewed in 2010

- After review, if changes to the plan design are required, they would be recommended in March 2010 and implemented on April 1, 2010.

Plan design changed on April 1, 2010 – Experience reviewed in 2011

- For the 2010 plan experience, results of the 1st quarter will be based on the previous plan design, and results from April to December will reflect changes to the plan design implemented on April 1st.



*Denotes previous year's plan design.
**Denotes plan design changes implemented on April 1st each year.

Appendix C

Appendix 2

Addition to SRC proposal

- Each year, the salary increase is reduced by x %. Total accumulated amount will be deposited in the health fund.

- The amount deposited in the health fund will vary according to the increasees in the total payroll as illustrated

<u>example:</u> x % = 0,1%
global salary 2009 = 816 M$

	total payroll increase	total payroll net of contribution to health fund
2010	2.50%	836 M$
2011	2.75%	858 M$
2012	2.60%	879 M$

contribution to the health fund:

2,010 = (1,025-1,024) x 836 M$ / 1,024
= 816 406 $

2011 = (1,025 x 1,0275 - 1,024 x 1,0265) x 858 M$ / (1,024 x 1,0265)
= 1 674 557 $

2012 = (1,025x1,0275x1,026-1,024x1,0265x1,025) x 879 M$ / (1,024x1,0265x1,025)
= 2 575 276 $

- Numbers are for illustrative purposes
- Elements of compensation included in the calculation of total payroll:
    - Base earnings
    - Additional remunerations
    - Salary-related benefits (Basic Life, Pension)
    - Overtime and penalties that are derived from salary
    - Other elements to be confirmed

Appendix D

June 6, 2008

Consistent with the themes arising from the "Challenge Us – 2008" conference, the parties recognize the importance of CBC/Radio-Canada's human capital and the significance of the role that the CCSB plays in the lives of employees.

In the spirit of the agreement to share pension surplus and manage health care costs the parties agree that they will not rely on or use as a precedent the arbitration award of Denis Nadeau of June 23, 2006 or the superior court judgment of Justice Jeannine Rousseau of April 11, 2008 as they relate to the interpretation of the provisions of the collective agreement pertaining to the powers of the CCSB.

Furthermore, all grievances mentioned in Appendix (A) will be withdrawn and the appeal filed with respect to the Superior Court judgment of Justice Jeannine Rousseau of April 11, 2008 will be settled. The class action suit filed by Donald Waterston will be settled in accordance with the terms of the Memorandum of Agreement to be executed at a later date.

Also in the spirit of the agreement, the parties agree the CCSB or a sub-committee will examine the current provisions of the collective agreements in order to review the operating principles of the CCSB and to ensure a uniform, harmonious and acceptable process for all concerned parties. The Committee will endeavor to complete its work and present its recommendations to the CCSB in December 2008.

In accordance with the terms of all applicable collective agreement(s), the parties agree that the Corporation shall implement duly adopted recommendation(s) of the CCSB that do not a) involve the expenditure of additional funds or b) require the approval of the Minister, unless appropriate approval is granted. Once approval has been granted, the Corporation will proceed with the implementation of the recommendation.

If a recommendation(s) of the CCSB is not implemented the parties agree in order to resolve the dispute the issue will be referred, first to the Senior Executive Team (SET), and at its discretion the Board of Directors. If the dispute is still not resolved each party reserves its right under the relevant applicable collective agreement.