

CANADIAN BROADCASTING CORPORATION/SOCIÉTÉ RADIO-CANADA

MEMORANDUM OF AGREEMENT relating to surplus sharing under the Canadian Broadcasting Corporation Pension Plan and to cost management under the Canadian Broadcasting Corporation Supplementary Health Care Plan

Made as of the 22nd day of May, 2009

A M O N G:

CANADIAN BROADCASTING CORPORATION/SOCIÉTÉ RADIO-CANADA (hereinafter “**CBC/RADIO-CANADA**”);

-and-

SYNDICAT CANADIEN DE LA FONCTION PUBLIQUE (hereinafter “**SCFP**”);

ASSOCIATION OF PROFESSIONALS AND SUPERVISORS OF THE CANADIAN BROADCASTING CORPORATION (hereinafter “**APS**”);

SYNDICAT DES TECHNICIEN(NE)S ET ARTISAN(E)S DU RÉSEAU FRANÇAIS DE RADIO-CANADA (hereinafter “**STARF**”);

CANADIAN MEDIA GUILD (hereinafter “**CMG**”); and

ASSOCIATION DES RÉALISATEURS (hereinafter “**AR**”);

(hereinafter collectively the “**Unions**”)

- and -

THE CBC PENSIONERS NATIONAL ASSOCIATION (hereinafter “**CPNA**”) and **DONALD WATERSTON** (hereinafter “**Mr Waterston**”) as representative Plaintiff in class proceedings before the Ontario Superior Court under # 04-CV-278718 CP.

(collectively, the “**Parties**” and individually a “**Party**”)

WHEREAS CMG, AR, STARF and SCFP have brought grievances in respect of surplus sharing under the Canadian Broadcasting Corporation Pension Plan and the roles and powers of the CBC/RADIO-CANADA Consultative Committee on Staff Benefits;

AND WHEREAS SCFP has brought a Motion for leave to Appeal a decision of Justice Jeannine M. Rousseau of the Superior Court of Québec (C.S 500-17-032165-063) in

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respect of surplus sharing under the Canadian Broadcasting Corporation Pension Plan and the roles and powers of the Consultative Committee on Staff Benefits;

AND WHEREAS Mr Waterston has commenced class proceedings before the Ontario Superior Court under #04-CV-278718 CP relating to surplus sharing under the Canadian Broadcasting Corporation Pension Plan;

AND WHEREAS CBC/RADIO-CANADA sponsors the CBC/RADIO-CANADA Supplementary Health Care Plan currently provided under Group Policy No. 51089 underwritten by The Great-West Life Assurance Company;

AND WHEREAS the Parties have agreed to settle the Issues;

AND WHEREAS the Parties had previously entered into Agreements in Principle dated May 1, 2008 and June 9, 2008 in respect of the Issues;

AND WHEREAS pursuant to the Agreement in Principle of June 9, 2008, the Parties have agreed to enter into this Memorandum of Agreement which contains the terms of settlement of the Issues and replaces all previous agreements between the Parties in respect of the Issues, whether oral or written, and in particular, but without limitation, the Agreements in Principle of May 1, 2008 and June 9, 2008.

NOW, THEREFORE, IN CONSIDERATION OF their mutual covenants, and for other good and valuable consideration, the Parties agree as follows:

1. INTERPRETATION AND DEFINITIONS

- (a) References in this Memorandum of Agreement to the masculine shall include the feminine and vice versa, and references to the singular shall include the plural and vice versa, as the context requires. Headings in this Memorandum of Agreement are for convenience of reference only and shall not affect the interpretation of this Memorandum of Agreement. A reference to a paragraph, subparagraph or similar division means a paragraph, subparagraph or other division of this Memorandum of Agreement. Any reference to an agreement by the Parties shall be an agreement in writing.
- (b) Reference in this Memorandum of Agreement to any Regulatory Approval or Court Approval means final Regulatory Approval or final Court Approval, as the case may be, following the expiry of any applicable appeal period or, where an appeal has been taken, final resolution of that appeal.
- (c) Capitalized terms used in this Memorandum of Agreement have the meanings set out below.
 - (i) **“Actuary”** means a firm of professional actuaries of whom at least one is a “Fellow” of the Canadian Institute of Actuaries and which has been retained by the Pension Board to perform the administrative functions required under the Pension Plan or which has been retained by CBC/RADIO-CANADA to perform the functions required under this Memorandum of Agreement in

respect of the SHCP. As of the date of this Memorandum of Agreement the Actuary is Mercer (Canada) Limited.

- (ii) **“CCSB”** means the CBC/RADIO-CANADA Consultative Committee on Staff Benefits.
- (iii) **“Class Action”** means the class proceeding relating to surplus sharing under the Pension Plan, which was commenced in the Ontario Superior Court of Justice as Court File No. 04-CV-278718 CP and certified by Court Order dated March 10, 2006 with Mr Waterston as representative plaintiff.
- (iv) **“Court Approval”** means any approval, order, judgment or consent of a Court having jurisdiction over the issue in question.
- (v) **“Effective Date of this Memorandum of Agreement”** means January 1, 2010 subject to those provisions of this Memorandum of Agreement that refer to other dates.
- (vi) **“Grievances”** means the grievances listed in Schedule “A” to this Memorandum of Agreement brought by CMG, AR, STARF and SCFP in respect of surplus sharing under the Pension Plan and the roles and powers of the CCSB.
- (vii) **“Issues”** means the issues relating to surplus sharing under the Pension Plan, cost management under the SHCP and the roles and powers of the CCSB which are the object of the Grievances, the Motion for Leave to Appeal and the Class Action.
- (viii) **“Motion for Leave to Appeal”** means the Motion for leave to Appeal brought by SCFP of a decision of Justice Jeannine M. Rousseau of the Superior Court of Québec (C.S 500-17-032165-063) in respect of surplus sharing under the Pension Plan and the roles and powers of the CCSB.
- (ix) **“Parties”** and **“Party”** have the meaning set out in the recitals to this Memorandum of Agreement.

PART I – SURPLUS SHARING

2. DEFINITIONS – PART I

Capitalized terms used in Part I of this Memorandum of Agreement have the meanings set out below. In addition, unless otherwise provided capitalized terms used in Part I of this Memorandum of Agreement and not defined below shall have the meaning ascribed to them under the Pension Plan:

- (i) **“Actuarial Opinion”** means an actuarial opinion prepared as of the end of any given year and provided by the Actuary in connection with the Pension Plan’s Annual Report and filed with the CRA for the purpose of establishing the lump sum surplus payments to be made to the Eligible Member Group during any such given year pursuant to this Memorandum of Agreement.

- (ii) **“Actuarial Valuation”** means the actuarial valuation of the Pension Plan filed with the Superintendent and the CRA on or after December 31, 2009 and performed for funding purposes by the Actuary at the request of the Pension Board every three years or at such shorter intervals as may be required under the PBSA or by the Superintendent or as may be required by the Pension Board at the request of CBC/RADIO-CANADA.
- (iii) **“Actuarial Valuation Effective Date”** means the date of an Actuarial Valuation in respect of which a report is filed with the Superintendent and the CRA.
- (iv) **“Applicable Law”** means the PBSA, the ITA and any policies issued by the CRA or the Superintendent.
- (v) **“Available Surplus”** means the portion of Pension Plan surplus, if any, determined pursuant to an Actuarial Valuation that is equal to the greater of **A** and **B**, reduced by **C** and increased by **D**, where:

A is the lesser of the following two amounts:

the Going Concern Surplus reduced by 5% of the Going-Concern Liabilities;

the Solvency Surplus reduced by 5% of the Solvency Liabilities,

B is the lesser of the following amounts:

the excess amount of the Going Concern Surplus that prevents CBC/RADIO-CANADA from making an eligible contribution to the Pension Plan pursuant to subsection 147.2 (2) of the ITA;

the maximum amount that can be used by CBC/RADIO-CANADA to reduce its Pension Plan contributions, in accordance with Applicable Law,

C is the estimated amount of surplus as at the Actuarial Valuation Effective Date that is scheduled to be utilized or distributed under this Memorandum of Agreement pursuant to the immediately preceding Actuarial Valuation during the first six months covered by the Current Actuarial Valuation, and

D is the value at the Actuarial Valuation Effective Date of any contributions made by CBC/RADIO-CANADA during the first six months covered by the Current Actuarial Valuation with respect to the funding of a going concern unfunded liability or a solvency deficiency.

- (vi) **“CBC/RADIO-CANADA Account”** means the account established principally but not exclusively to track CBC/RADIO-CANADA contributions with respect to funding of a going concern unfunded liability or a solvency deficiency under the Pension Plan (“Account Contribution”) in the following manner. The account balance in the account is \$0 as at June 30, 2010, and is calculated as follows on each June 30 thereafter beginning on June 30, 2011:
- (A) the balance of the account on June 30 of the immediately preceding year, is increased with interest from June 30 of the immediately preceding year to June 30 of the current year at the Valuation Rate;
 - (B) all Account Contributions from July 1 of the immediately preceding year to June 30 of the current year, plus interest calculated at the Valuation Rate from the date of payment of the Account Contributions to June 30 of the current year, are added;
 - (C) any amount resulting from the application of paragraph 7 (d) of this Memorandum of Agreement with respect to the period from July 1 of the immediately preceding year to June 30 of the current year is added; and
 - (D) the amount of CBC/RADIO-CANADA current service contribution reductions resulting from the application of the CBC/RADIO-CANADA Account with respect to the period from July 1 of the immediately preceding year to June 30 of the current year is deducted from the account balance, with interest calculated at the Valuation Rate from the date of contribution reduction to June 30 of the current year, unless such current service contributions were required to be paid by CBC/RADIO-CANADA as retroactive contributions following the filing of a new Actuarial Valuation.
- (vii) **“CBC/RADIO-CANADA Surplus Share”** means, subject to paragraph 6(a), the portion of Net Available Surplus allocated to CBC/RADIO-CANADA pursuant to an Actuarial Valuation. The CBC/RADIO-CANADA Surplus Share is credited with interest at the Valuation Rate from the Actuarial Valuation Effective Date to the date of utilization.
- (viii) **“CRA”** means the Canada Revenue Agency.
- (ix) **“Eligible Active Member”** means an Eligible Employee who participates in the Pension Plan on the Actuarial Valuation Effective Date. For greater certainty and without limitation, an Eligible Employee who participates in the Pension Plan and is Disabled on the Actuarial Valuation Effective Date, an Eligible Employee who participates in the Pension Plan and is on maternity leave on the Actuarial Valuation Effective Date and an Eligible Employee who participates in the Pension Plan and is on leave from CBC/RADIO-CANADA on the Actuarial Valuation Effective Date without payment of salary when such person was so classified as an Eligible Employee immediately prior to being granted such leave, are deemed to be

Eligible Active Members. For the purpose of surplus payments, if any, made during the second or any subsequent year following the Actuarial Valuation Effective Date, status as an Eligible Active Member is preserved notwithstanding the termination of employment provided the Eligible Active Member was entitled to and elected to receive an immediate or deferred pension under the Pension Plan and did not subsequently elect a lump-sum transfer before January 1 of that year. For the purpose of surplus payments, if any, made during the second or any subsequent year following the Actuarial Valuation Effective Date, an Eligible Active Member continues to qualify as an Eligible Active Member if such Eligible Active Member is alive on January 1 of that year.

- (x) **“Eligible Child or Children”** means a Child or Children of a former Contributor in receipt of a pension under the Pension Plan on the Actuarial Valuation Effective Date. For the purpose of surplus payments, if any, made during the second or any subsequent year following the Actuarial Valuation Effective Date, an Eligible Child continues to qualify as an Eligible Child only if such Child is alive on January 1 of that year and is still in receipt of a pension under the Pension Plan on that date. For the purpose of surplus payments, if any, made during the second or any subsequent year following the Actuarial Valuation Effective Date, a Child of an Eligible Active Member, an Eligible Deferred Member or an Eligible Pensioner who died after the Actuarial Valuation Effective Date qualifies as an Eligible Child only if such Child is alive on January 1 of that year and is still in receipt of a pension under the Pension Plan on that date.
- (xi) **“Eligible Deferred Member”** means a former Contributor entitled to a Deferred Pension under the Pension Plan on the Actuarial Valuation Effective Date. For the purpose of surplus payments, if any, made during the second or any subsequent year following the Actuarial Valuation Effective Date, an Eligible Deferred Member continues to qualify as an Eligible Deferred Member only if such Eligible Deferred Member is alive on January 1 of that year and did not elect a lump-sum transfer before January 1 of that year. An Eligible Deferred Member shall continue to be considered as an Eligible Deferred Member notwithstanding the commencement of his/her pension after the Actuarial Valuation Effective Date.
- (xii) **“Eligible Employee”** means such persons that qualify as Employees under Part I or Part II of the Pension Plan but shall not include any Employee represented by the Syndicat des Communications de Radio-Canada.
- (xiii) **“Eligible Member Group”** means all Eligible Active Members, Eligible Pensioners, Eligible Surviving Spouses, Eligible Children and Eligible Deferred Members.
- (xiv) **“Eligible Member Group Surplus Share”** means the portion of Net Available Surplus allocated to the Eligible Member Group pursuant to an Actuarial Valuation. The Eligible Member Group Surplus Share is credited

with interest at the Valuation Rate from the Actuarial Valuation Effective Date to the date of payment.

- (xv) **“Eligible Pensioner”** means a former Contributor in receipt of a pension under the Pension Plan on the Actuarial Valuation Effective Date. For the purpose of surplus payments, if any, made during the second or any subsequent year following the Actuarial Valuation Effective Date, an Eligible Pensioner continues to qualify as an Eligible Pensioner only if such Eligible Pensioner is alive on January 1 of that year.
- (xvi) **“Eligible Surviving Spouse”** means a Spouse of a former Contributor who is in receipt of a pension under the Pension Plan on the Actuarial Valuation Effective Date. For the purpose of surplus payments, if any, made during the second or any subsequent year following the Actuarial Valuation Effective Date, an Eligible Surviving Spouse continues to qualify as an Eligible Surviving Spouse only if such Eligible Surviving Spouse is alive on January 1 of that year and is still in receipt of a pension under the Pension Plan on that date. For the purpose of surplus payments, if any, made during the second or any subsequent year following the Actuarial Valuation Effective Date, a Spouse of an Eligible Active Member, an Eligible Deferred Member or an Eligible Pensioner who died after the Actuarial Valuation Effective Date qualifies as an Eligible Surviving Spouse only if such Spouse is alive on January 1 of that year and is still in receipt of a pension under the Pension Plan on that date.
- (xvii) **“Going Concern Assets”** means the amount of assets of the Pension Plan as determined by the Actuary pursuant to an Actuarial Valuation prepared in accordance with the going-concern method approved by the Pension Board, Applicable Law and generally accepted actuarial principles.
- (xviii) **“Going Concern Liabilities”** means the actuarial liabilities of the Pension Plan as determined by the Actuary pursuant to an Actuarial Valuation prepared in accordance with the going-concern method and assumptions approved by the Pension Board, Applicable Law and generally accepted actuarial principles.
- (xix) **“Going Concern Surplus”** means the amount by which the Going Concern Assets exceeds the Going Concern Liabilities, as determined by the Actuary pursuant to an Actuarial Valuation.
- (xx) **“ITA”** means the *Income Tax Act* (Canada) and the Regulations adopted thereunder, as amended from time to time.
- (xxi) **“Net Available Surplus”** means, as at any Actuarial Valuation Effective Date and subject to paragraph 6 (a), the lesser of **H** and **I**, where:

H is equal to **J** minus **K**, which result is multiplied by 2, where:

J is the estimated present value at the Actuarial Valuation Effective Date of CBC/RADIO-CANADA's current service contribution for the three-year period from July 1 of the first year following the Actuarial Valuation Effective Date to June 30 of the year following the third year covered by the Actuarial Valuation, and

K is the estimated value of the CBC/RADIO-CANADA Account as at June 30 of the first year following the Actuarial Valuation Effective Date discounted to the Actuarial Valuation Effective Date at the Valuation Rate;

I is equal to **L** minus **M**, where:

L is the Available Surplus at the Actuarial Valuation Effective Date, and

M is the estimated value of the CBC/RADIO-CANADA Account as at June 30 of the first year following the Actuarial Valuation Effective Date, discounted to the Actuarial Valuation Effective Date at the Valuation Rate.

(xxii) **“Net CBC/RADIO-CANADA Account”** means, as at an Actuarial Valuation Effective Date, the lesser of **E**, **F** and **G**, where:

E is the estimated value of the CBC/RADIO-CANADA Account as at June 30 of the first year following the Actuarial Valuation Effective Date discounted to the Actuarial Valuation Effective Date at the Valuation Rate,

F is the Available Surplus at the Actuarial Valuation Effective Date, and

G is the estimated present value at the Actuarial Valuation Effective Date of the CBC/RADIO-CANADA current service contribution for the three-year period from July 1 of the year following the Actuarial Valuation Effective Date to June 30 of the year following the third year covered by the Actuarial Valuation.

(xxiii) **“PBSA”** means the *Pension Benefits Standards Act, 1985* and the Regulations adopted thereunder, as amended from time to time.

(xxiv) **“Pension Board”** means the CBC/RADIO-CANADA Pension Board of Trustees established by CBC/RADIO-CANADA for the purpose of administering the Pension Plan.

(xxv) **“Pension Plan”** means the Canadian Broadcasting Corporation Pension Plan, as amended from time to time.

- (xxvi) **“Regulatory Approval”** means any necessary approval from any government regulator having jurisdiction over the issue in question.
- (xxvii) **“RRSP”** means a registered retirement savings plan.
- (xxviii) **“Settlement Expenses”** means the reasonable legal, actuarial, and other fees and expenses incurred by CBC/RADIO-CANADA (including internal expenses of CBC/RADIO-CANADA) and by the Unions, on and after June 9, 2008 in connection with the drafting and implementation of this Memorandum of Agreement. The Settlement Expenses are determined as of December 31, 2009 and are communicated by CBC/RADIO-CANADA to the Unions and vice versa.
- (xxix) **“Solvency Assets”** means the market value of assets of the Pension Plan, less the estimated termination expenses, as determined by the Actuary pursuant to an Actuarial Valuation prepared in accordance with the solvency method approved by the Pension Board, Applicable Laws and generally accepted actuarial principles. For greater certainty, the Solvency Assets for the purposes of this Memorandum of Agreement shall not be determined in accordance with an asset smoothing method.
- (xxx) **“Solvency Liabilities”** means the actuarial liabilities of the Pension Plan as determined by the Actuary pursuant to an Actuarial Valuation prepared in accordance with the solvency method and assumptions approved by the Pension Board, Applicable Laws and generally accepted actuarial principles.
- (xxxi) **“Solvency Surplus”** means the amount by which the Solvency Assets exceeds the Solvency Liabilities, as determined by the Actuary pursuant to an Actuarial Valuation.
- (xxxii) **“Superintendent”** means the Superintendent of Financial Institutions, Canada acting under the authority of the PBSA.
- (xxxiii) **“Valuation Rate”** means, with respect to a given year, the interest rate used to calculate the Going Concern Liabilities pursuant to the Actuarial Valuation covering such year.

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3. DETERMINATION OF SURPLUS AVAILABLE FOR SHARING UNDER THE PENSION PLAN

- (a) On each Actuarial Valuation Effective Date, and beginning with the first Actuarial Valuation filed on or after December 31, 2009 with the Superintendent and the CRA, the Actuary shall determine the Net Available Surplus, if any.
- (b) The Parties acknowledge that the allocation of surplus pursuant to this Memorandum of Agreement is subject to the following conditions:
 - (i) The CBC/RADIO-CANADA Surplus Share and the Eligible Member Group Surplus Share shall be utilized and allocated as soon as possible during the

year following the Actuarial Valuation Effective Date as of which such shares were determined, subject however to the application of the provisions of this Memorandum of Agreement which may restrict such utilization or allocation.

- (ii) No utilization of surplus shares shall be made before the CBC/RADIO-CANADA Account has been fully used by CBC/RADIO-CANADA to reduce its current service contributions and, until the CBC/RADIO-CANADA Account has been so fully used, there shall be no surplus payment to the Eligible Member Group.
- (iii) The maximum amount of surplus utilization from each surplus share with respect to any given year by CBC/RADIO-CANADA and by the Eligible Member Group shall be capped at the estimated value of the CBC/RADIO-CANADA's current service contribution for the period from July 1 of the given year to June 30 of the following year, reduced by the CBC/RADIO-CANADA Account.
- (iv) For the purpose of establishing any surplus utilization and payments to be made during the second or any subsequent year following the Actuarial Valuation Effective Date, the maximum total amount of surplus utilization with respect to such year by CBC/RADIO-CANADA and the Eligible Member Group shall be capped at an amount of surplus based on the Actuarial Opinion on the Pension Plan for the year ending December 31 of the preceding year. Such maximum total amount of surplus is equal to the greater of **N** and **O** which result is reduced by **P** where:

N is the lesser of the following two amounts:

the Going Concern Surplus revealed in the Actuarial Opinion reduced by 5% of the Going Concern Liabilities revealed in the Actuarial Opinion;

the Solvency Surplus revealed in the Actuarial Opinion reduced by 5% of the Solvency Liabilities revealed in the Actuarial Opinion,

O is the lesser of the following two amounts:

the amount of the excess Going Concern Surplus revealed in the preceding Actuarial Valuation that prevents CBC/RADIO-CANADA from making an eligible contribution to the Pension Plan pursuant to subsection 147.2 (2) the ITA, reduced to take into account any surplus utilization made with respect to the preceding years covered by the Actuarial Valuation;

the maximum amount that can be used by CBC/RADIO-CANADA to reduce its Pension Plan contributions in accordance with Applicable Law, and

P is the estimated amount of surplus that is scheduled to be utilized under this Memorandum of Agreement during the first six months of the given year pursuant to the previous Actuarial Valuation.

- (v) If a new Actuarial Valuation is filed with the CRA and the Superintendent before the end of the three year period covered by the Current Actuarial Valuation, the CBC/RADIO-CANADA Surplus Share and the Eligible Member Group Surplus Share which had been determined pursuant to the Current Actuarial Valuation shall be cancelled, and shall be re-determined pursuant to the new Actuarial Valuation with respect to the years covered by the new Actuarial Valuation.
- (vi) Attached to this Memorandum of Agreement as Schedule “B” is a table and illustrations providing, for illustrative purposes only, a summary of the application of section 3 of this Memorandum of Agreement under different funding and solvency ratios.

4. USE OF CBC/RADIO-CANADA SURPLUS SHARE AND CBC/RADIO-CANADA ACCOUNT

- (a) CBC/RADIO-CANADA’s current service contributions that would otherwise be required to be made pursuant to an Actuarial Valuation during the period from July 1 of the current year to June 30 of the following year, after the first Actuarial Valuation Effective Date when a Net Available Surplus is sufficient, shall first be reduced by the Settlement Expenses. The reduction of current service contributions shall be effected as the current service contributions become payable and in proportion to the share of Settlement Expenses incurred by CBC/RADIO-CANADA and to the share of Settlement Expenses incurred by the Unions, until the current service contributions have been reduced by all Settlement Expenses, The current service contributions shall thereafter be reduced by first applying thereto the balance of the Net CBC/RADIO-CANADA Account and then applying thereto the CBC/RADIO-CANADA Surplus Share.
- (b) For greater certainty, CBC/RADIO-CANADA shall contribute the full amount of the current service contribution for any period following the date on which the Net CBC/RADIO-CANADA Account and the CBC/RADIO-CANADA Surplus Share are both determined to be nil in accordance with this Memorandum of Agreement.

5. USE OF ELIGIBLE MEMBER GROUP SURPLUS SHARE

- (a) The Eligible Member Group Surplus Share shall be used to provide lump-sum surplus payments to the Eligible Member Group on or about October 1 following the Actuarial Valuation Effective Date, or the date of the Actuarial Opinion, as applicable, as of which the Eligible Member Group Surplus Share was determined, subject however to the application of the provisions of this Memorandum of Agreement which may restrict such payments. Such payments shall be reduced by any applicable withholding tax, subject to paragraphs 5(b) and 5(c).
- (b) An Eligible Active Member shall have the option of transferring his/her share of surplus, or a portion thereof, to his/her account under the CBC/RADIO-CANADA Group RRSP,

provided such Eligible Active Member is still employed by CBC/RADIO-CANADA on the date of transfer and such Eligible Active Member confirms that his/her RRSP deduction limit is not less than the amount of such share of surplus.

- (c) An Eligible Active Member shall have the option of transferring his/her share of surplus, or a fraction thereof, to his/her FlexPen account under Part III of the Pension Plan subject to applicable Pension Plan terms and provided such Eligible Active Member is still employed by CBC/RADIO-CANADA on the date of transfer.
- (d) The payment of the Eligible Member Group Surplus Share to the members of such group in a given year shall be allocated among the Eligible Member Group in proportion to each such member's Accumulated Employee Contributions with interest calculated in accordance with this section 5.
- (e) For Eligible Active Members, the Accumulated Employee Contributions with interest shall be calculated as at the Actuarial Valuation Effective Date on which the Eligible Member Group Surplus Share was determined, based on the Pension Plan's records.
- (f) For Eligible Pensioners, the Accumulated Employee Contributions with interest shall be calculated as at the date on which his/her pension commenced to be paid, based on the Pension Plan's records.
- (g) For Eligible Surviving Spouses, the Accumulated Employee Contributions with interest shall be equal to sixty percent (60%) of the Accumulated Employee Contributions with interest of the former Contributor calculated as at the Actuarial Valuation Effective Date or the date on which the former Contributor's pension commenced to be paid or his/her date of death, whichever first occurs based on the Pension Plan's records.
- (h) For Eligible Children, the Accumulated Employee Contributions with interest shall be equal to twenty four percent (24%) of the Accumulated Employee Contributions with interest of the former Contributor calculated as at the Actuarial Valuation Effective Date or the date on which the former Contributor's pension commenced to be paid or his/her date of death, whichever first occurs, based on the Pension Plan's records. For Eligible Children of an Eligible Surviving Spouse who are also entitled to a lump sum surplus payment, the percentage is reduced to twelve percent (12%).
- (i) For Eligible Deferred Members, the Accumulated Employee Contributions with interest shall be calculated as at the date on which his/her employment with CBC/RADIO-CANADA terminated, based on the Pension Plan's records.
- (j) For greater certainty, in the case of a Spouse or former Spouse of a Contributor or former Contributor to whom a pension is paid pursuant to a court order or a domestic contract as a result of a marriage breakdown, the Accumulated Employee Contributions with interest are deemed to be nil with respect to such pension.

6. FEES AND EXPENSES

The Parties agree that the fees and expenses incurred in connection with this Memorandum of Agreement shall be paid in the following order:

- (a) On the first Actuarial Valuation Effective Date when a Net Available Surplus is sufficient, and on any other Actuarial Valuation Effective Date, if necessary, the CBC/RADIO-CANADA Surplus Share shall be increased by the Settlement Expenses. To the extent that Settlement Expenses will have been incurred by the Unions, such Settlement Expenses shall be reimbursed to them by CBC/RADIO-CANADA concurrently with the reduction in the current service contribution of CBC/RADIO-CANADA in accordance with paragraph 4(a) of this Memorandum of Agreement;
- (b) On the first Actuarial Valuation Effective Date, and on any other Actuarial Valuation Effective Date, if necessary, when a Net Available Surplus is sufficient, the legal expenses incurred by the CPNA in connection with the Class Action shall be paid by the Pension Plan fund to the CPNA and deducted from the first Eligible Member Group Surplus Share payable to the Eligible Pensioners, Eligible Surviving Spouses, Eligible Children and Eligible Deferred Members in accordance with this Memorandum of Agreement. The CPNA will provide CBC/RADIO-CANADA with an accounting of such expenses as soon as practicable but not later than December 31, 2009.
- (c) All expenses (including expenses for communications, recordkeeping and calculations) paid from the Pension Plan fund for the period from January 1 to December 31 of any given year in respect of lump sum payments, transfers to the CBC/RADIO-CANADA Group RRSP or allocation to a FlexPen account under Part III of the Pension Plan shall be deducted from the Eligible Member Group Surplus Share payable to the Eligible Member Group for the applicable period. Such expenses may need to be estimated at the time the calculation of lump-sum surplus payments is required to be made, subject to appropriate adjustments when the determination of such expenses is finalized.

7. RECONCILIATION OF THE UTILIZATION OF SURPLUS

- (a) The Parties have agreed that the CBC/RADIO-CANADA Surplus Share and the Eligible Member Group Surplus Share shall be equal amounts as at the Actuarial Valuation Effective Date.
- (b) In order to monitor the utilization by CBC/RADIO-CANADA of the CBC/RADIO-CANADA Surplus Share and the payment to the Eligible Members of the Eligible Member Group Surplus Share in any given year, a reconciliation shall be performed of such utilization and payment for each 12 month period ending on June 30. Such reconciliation shall take into account any retroactive CBC/RADIO-CANADA current service contributions made after June 30 pursuant to a new Actuarial Valuation, actual expenses incurred pursuant to paragraph 6 (c) and interest at the Valuation Rate from the date of payment or utilization, as applicable.
- (c) Should the amount of the CBC/RADIO-CANADA Surplus Share utilized in any given 12 month period exceed the amount of the Eligible Member Group Surplus Share paid to the members of such group in that period, the Eligible Member Group Surplus Share shall be increased by the amount of such excess on the next distribution of an Eligible Member Group Surplus Share, or on a subsequent distribution if necessary, and will not be taken into account for the purpose of any subsequent reconciliation.

- (d) Should the amount of the Eligible Member Group Surplus Share paid to the Eligible Member Group in any given 12 month period exceed the amount of the CBC/RADIO-CANADA Surplus Share utilized in that period, the amount of such excess shall be credited to the CBC/RADIO-CANADA Account.
- (e) For greater certainty, the utilization of the CBC/RADIO-CANADA Account by CBC/RADIO-CANADA shall not be taken into account for the purpose of any reconciliation performed in accordance with this Memorandum of Agreement.

**PART II - COST MANAGEMENT UNDER THE CBC/RADIO-CANADA
SUPPLEMENTARY HEALTH CARE PLAN**

8. DEFINITIONS – PART II

Capitalized terms used in Part II of this Memorandum of Agreement have the meanings set out below:

- (i) **“Additional Remunerations”** means all salary based elements comprised in the Compensation Elements for the purpose of determining the Adjustment Factor, including but not limited to, the following elements:
 - (A) Overtime Buyouts;
 - (B) Commission Payments;
 - (C) Foreign Correspondent additional remunerations;
 - (D) Executive Producer additional remunerations;
 - (E) Senior Producer additional remunerations;
 - (F) Bilingual Premiums;
 - (G) Maternity Leave benefits;
 - (H) Adoption Leave benefits;
 - (I) Paternity Leave benefits;
 - (J) Increase for Hybrid Cross-Unit Jobs;
 - (K) Plant Technologist Premium;
 - (L) Assignment/Workload Agreements;
 - (M) Vacation Pay;
 - (N) Skills and Expertise additional remunerations;
 - (O) Prominence and Excellence additional remunerations;

- (P) Coordination Premiums;
- (Q) Percentage in lieu of benefits;
- (R) Percentage in lieu of Pension.

For greater certainty, are excluded all non salary based Additional Remunerations and lump sum payments, such as, but not limited to, vehicle, living, meal, isolated locations and wardrobe allowances, coordination, training, northern language and on call premiums, hardship pay, fixed amounts for prominence or excellence, assignment/workload agreement, skills and expertise, and fixed allowances paid to foreign correspondents, such as Post Differential Allowances, Basic Premiums and Disposable Income Adjustments.

- (ii) **“Adjusted Annual Allocation Factor”** means the product of the Annual Allocation Factor multiplied by the Adjustment Factor, expressed as a percentage of Base Earnings. For illustrative purposes only, the projected percentages for the years 2010 to 2019 appear in Schedule “F” to this Memorandum of Agreement.
- (iii) **“Adjusted Baseline Cost”** means the Baseline Cost adjusted by the Average Headcount Adjustment Factor.
- (iv) **“Adjustment Factor”** means the Compensation Elements divided by Base Earnings for a given year and will be adjusted annually. For the purpose of this Memorandum of Agreement, and for illustrative purposes only, the Adjustment Factor is determined for 2008 as 1.254 and is based on the 2007 Compensation Elements, Statutory Deductions and Base Earnings which appear in Schedule “E” to this Memorandum of Agreement.
- (v) **“Annual Allocation Factor”** means the percentage of Total Compensation and Statutory Deductions used to determine the CBC/RADIO-CANADA contributions to the Health Care Fund; subject to paragraph 10(b), such percentages for the years 2010 to 2019 are as follows:
 - (1) 2010 - 0.098%
 - (2) 2011 – 0.195%
 - (3) 2012 – 0.293%
 - (4) 2013 – 0.391%
 - (5) 2014 – 0.489%
 - (6) 2015 – 0.587%
 - (7) 2016 – 0.686%
 - (8) 2017 – 0.784%

(9) 2018 – 0.882%

(10) 2019 – 0.981%

- (vi) **“Average Headcount”** means the number of CBC/RADIO-CANADA Eligible Employees Eligible for SHCP on December 31 of any given year plus the number of CBC/RADIO-CANADA Eligible Employees Eligible for SHCP on December 31 of the immediately preceding year, divided by 2.
- (vii) **“Average Headcount Adjustment Factor”** means the Average Headcount of any given year divided by the Average Headcount for year 2008.
- (viii) **“Base Earnings”** means basic salaries paid during the year including salaries paid for annual leave, short-term disability, special leave and workers’ compensation for Eligible Employee population.
- (ix) **“Baseline Cost”** means the actual claims and Expenses/Taxes paid in 2008 for Eligible Employees Eligible for SHCP, as reported by the Insurer. For subsequent years, the Baseline Cost will increase by the Treasury Board Allocation + 2%. If the applicable Treasury Board Allocation is not known at the relevant time, the last Treasury Board Allocation shall be used, subject to a minimum of 4%. The Adjusted Baseline Cost is determined once the applicable Treasury Board Allocation is known. The annual Baseline Cost increase shall not at anytime be less than 4% for a given year.
- (x) **“Compensation Elements”** means the Base Earnings, Additional Remunerations, Total Benefits and Statutory Deductions included in the calculation of the Adjustment Factor for Eligible Employee population.
- (xi) **“Eligible Employee”** means any employee represented by the Unions and any other non-unionized employee subject to Part II of this Memorandum of Agreement.
- (xii) **“Eligible Employee Eligible for SHCP”** means such persons that qualify for coverage under the SHCP but shall not include any person represented by the Syndicat des Communications de Radio-Canada and any person who pays the SHCP premium.
- (xiii) **“Eligible Pensioner”** means a former Eligible Employee in receipt of a pension under the Pension Plan.
- (xiv) **“Employee Funds on Deposit”** means surplus funds from employee-paid programs and plans held with the Insurer.
- (xv) **“Expenses/Taxes”** means the administration expenses, profit charge, claims settlement expenses, commission/consulting expenses, miscellaneous expenses, health care pooling fees, cash flow interest and taxes paid during any given year under the SHCP for Eligible Employees Eligible for SHCP.

- (xvi) **“Health Care Fund”** means the fund held on deposit with the insurance company which underwrites the group policy under which the SHCP is provided and to which are paid the CBC/RADIO-CANADA Health Care Fund contributions determined and calculated in accordance with this Memorandum of Agreement.
- (xvii) **“Health Care Sub-Committee”** means a sub-committee of the CCSB comprised of representatives of CBC/RADIO-CANADA, the CCSB and the Actuary established for the purposes of monitoring the application of provisions of this Memorandum of Agreement in respect of the SHCP.
- (xviii) **“Insurer”** means The Great-West Life Assurance Company or such other insurance company which may from time to time underwrite the group policy pursuant to which the SHCP is provided.
- (xix) **“Payroll Taxes – Provincial Health Care”** means the salary-related contributions paid by CBC/RADIO-CANADA in respect of the provincial health and hospitalization insurance programs for Eligible Employees Eligible for SHCP. As of the date of this Memorandum of Agreement the taxes in effect are in Ontario, Québec, Manitoba and Newfoundland and Labrador.
- (xx) **“Pension Plan”** means the Canadian Broadcasting Corporation Pension Plan, as amended from time to time.
- (xxi) **“SHCP”** means the Supplementary Health Care Plan sponsored by CBC/RADIO-CANADA and currently provided under Group Policy No. 51089 underwritten by The Great-West Life Assurance Company for Eligible Employees Eligible for SHCP, as amended from time to time.
- (xxii) **“SHCP Actual Cost”** means paid claims and Expenses/Taxes for Eligible Employees Eligible for SHCP for any given calendar year.
- (xxiii) **“Statutory Deductions”** means Payroll Taxes - Provincial Health Care and, for those Eligible Employees who had not reached the maximum contribution limit, the employer-paid contributions in respect of the Quebec Pension Plan, the Canada Pension Plan, the Employment Insurance (Canada) and the Quebec Parental Insurance Plan.
- (xxiv) **“Total Benefits”** means the employer-paid premiums for salary related benefits, including, without limitation, Basic Life Insurance for Eligible Employees and Eligible Pensioners (excluding Travel and War insurance and Paid-up Life Insurance), Pension (Current Service Contribution) and Long Service benefit paid on death or retirement (except for those Eligible Employees whose benefit determination is based on a frozen salary).
- (xxv) **“Total Compensation”** means the Base Earnings, Additional Remunerations and Total Benefits paid by CBC/RADIO-CANADA during the relevant year. For illustrative purposes only, Total Compensation and

Statutory Deductions in 2007 for Eligible Employee population are shown in Schedule “E” to this Memorandum of Agreement.

- (xxvi) **“Treasury Board Allocation”** means the compensation adjustment determined annually by the Treasury Board of Canada Secretariat which is representative of the average of the percentage increase negotiated by the Treasury Board of Canada with its bargaining agents.
- (xxvii) **“Unrestricted Deposit Account”** means an account entitling the holder to payment of the funds held thereunder on demand.

9. CONTRIBUTION TO THE HEALTH CARE FUND

- (a) Beginning in 2010 and in each calendar year thereafter until 2019 inclusive, CBC/RADIO-CANADA will contribute to the Health Care Fund an amount determined in accordance with this Memorandum of Agreement. In consideration for such contribution, any salary increase that would otherwise have taken effect during the 2010 to 2019 calendar years in accordance with the relevant collective agreements will be reduced by 0.1%.
- (b) The CBC/RADIO-CANADA contribution to the Health Care Fund shall be applied during the twelve month period following the effective date of scheduled salary increase under the relevant collective agreement, shall be calculated on the date of each bi-weekly payroll for each Eligible Employee and shall be deposited in the Health Care Fund.
- (c) The CBC/RADIO-CANADA contribution to the Health Care Fund shall be calculated for each Eligible Employee by applying the Adjusted Annual Allocation Factor to the Base Earnings. For illustrative purposes only, Schedule “F” to this Memorandum of Agreement shows the projected employer contributions to the Health Care Fund during the 2010-2019 calendar years.

10. SALARY ADJUSTMENTS

- (a) The 0.1% salary adjustment shall take effect on the dates that salary scales are scheduled to take effect under the relevant collective agreements, beginning in 2010 and shall be made in each calendar year thereafter until 2019 inclusive. All collective agreements will be amended to reflect such salary adjustment.
- (b) The Unions and CBC/RADIO-CANADA acknowledge that should there be no scheduled salary increase during a given year under a collective agreement, there will be no salary reduction during such year for Eligible Employees covered by such collective agreement. In this event, the incremental CBC/RADIO-CANADA contribution to the Health Care Fund associated with the 0.1% salary adjustment would be nil, *i.e.* the contribution paid will continue to be calculated with the Annual Allocation Factor of the previous year.
- (c) The Unions and CBC/RADIO-CANADA recognize that, in the absence of a salary increase provided for in a collective agreement for a given year, there shall be no salary

adjustment during that year for the Eligible Employees who are subject to that collective agreement. In such case, the parties shall determine the amount, if any, of the CBC/RADIO-CANADA contribution to the Health Care Fund by taking into account the context and the underlying principles of Part II of this Memorandum of Agreement.

11. OPERATION OF HEALTH CARE FUND

- (a) All contributions made to the Health Care Fund shall first be used for the purpose of funding any existing deficit under the SHCP determined in accordance with this Memorandum of Agreement.
- (b) Any unused portion of the Health Care Fund shall be held by the Insurer in an Unrestricted Deposit Account or such other account deemed appropriate by the Unions and CBC/RADIO-CANADA .
- (c) Effective in 2010, and for each subsequent year, the SHCP Actual Cost for the previous calendar year will be compared to the Adjusted Baseline Cost for that year.
- (d) Should the SHCP Actual Cost exceed the Adjusted Baseline Cost, the resulting deficit will be funded from the Health Care Fund.
- (e) The Unions and CBC/RADIO-CANADA agree that should the SHCP Actual Cost exceed the Adjusted Baseline Cost for 2009, and should the projected year 2010 CBC/RADIO-CANADA contribution to the Health Care Fund be insufficient to repay the resulting deficit, the difference will be funded up to a maximum of five hundred thousand dollars (\$500,000) by a payment from the Unions made by a transfer from the Employee Funds on Deposit. For the subsequent years, no such payment will be required if the projected contributions to the Health Care Fund for a given year are sufficient to cover any unpaid residual deficit at the end of the previous year. For illustrative purposes only, Schedule "G" to this Memorandum of Agreement shows the SHCP and Health Care Fund Projections for the 2009-2019 period.

12. HEALTH CARE SUB-COMMITTEE AND SHCP REVIEW

- (a) The Health Care Sub-Committee shall be a sub-committee of the CCSB and shall meet at least two weeks prior to the scheduled March CCSB meeting of each year, beginning in January 2010, to review the financial results of the SHCP for the previous twelve month period and the projected costs for the current year.
- (b) The Health Care Sub-Committee will review the SHCP Actual Cost and Adjusted Baseline Cost for the previous calendar year, consider any actions to be taken in that regard and make appropriate recommendations to the CCSB for implementation on April 1 of the current year.
- (c) Any recommendations of the Health Care Sub-Committee which would result in changes to the SHCP must be approved by the CCSB and CBC/RADIO-CANADA consistent with Schedule "D" to this Memorandum of Agreement.

- (d) Beginning with September 2010, CBC/RADIO-CANADA will present to the CCSB quarterly financial results for the SHCP.

PART III- CCSB

13. ROLES AND POWERS OF THE CCSB

- (a) The Unions and CBC/RADIO-CANADA acknowledge they have arrived at an agreement with respect to certain issues involving the roles and powers of the CCSB.
- (b) The principal terms of their agreement are set out in Schedule “D” to this Memorandum of Agreement.

PART IV – GENERAL PROVISIONS

14. SITUATIONS NOT EXPRESSLY DEALT WITH, DISPUTES

Notwithstanding any other provision of this Memorandum of Agreement, should any situation arise involving the allocation of a portion of the Net Available Surplus to an individual in the Eligible Member Group that is not expressly dealt with herein, or should a Union or the CPNA dispute a calculation prepared by CBC/RADIO-CANADA under this Memorandum of Agreement, then, failing resolution of such situation or such dispute in good faith by agreement between CBC/RADIO-CANADA and the Union or the CPNA, as the case may be in a manner consistent with the spirit and intent of this Memorandum of Agreement, the Union or the CPNA, as the case may be, must follow the arbitration procedure specified in Schedule “C” to this Memorandum of Agreement within the time period prescribed therein.

15. PAYMENT TO AN ESTATE

In the event that, pursuant to this Memorandum of Agreement, a surplus amount is to be distributed to the estate of a deceased individual, where there are personal representatives of the estate such amount may be paid to the deceased’s personal representative(s), or to such persons as the personal representatives or their agents may direct.

16. UNLOCATED MEMBERS

CBC/RADIO-CANADA shall use reasonable efforts to locate all members of the Eligible Member Group or any other person, beneficiary, or estate entitled to payment pursuant to this Memorandum of Agreement. The Unions and the CPNA shall assist in this regard, and CBC/RADIO-CANADA will provide information to permit them to do so, subject to applicable laws and policies regarding protection of personal information. In the event that any members of the Eligible Member Group, or any other persons or estates entitled to payment pursuant to this Memorandum of Agreement, cannot be located in order to effect the distribution to the relevant parties of the portion of the Eligible Member Group Surplus Share to which they are entitled under this Memorandum of Agreement, then such amounts shall be dealt with by CBC/RADIO-CANADA in accordance with the requirements of applicable law including, where applicable, payment to any governmental entity authorized to accept such amounts.

17. CBC/RADIO-CANADA BOARD APPROVAL AND DISCLOSURE TO CCSB AND PENSION BOARD

This Memorandum of Agreement shall be subject to the approval of the CBC/RADIO-CANADA Board of Directors. A summary of all calculations required to implement the provisions of this Memorandum of Agreement on surplus sharing will be prepared by CBC/RADIO-CANADA and its agents, will be provided to the CCSB and the Pension Board and such calculations will bind the Parties, including those resulting from reasonable estimates. In addition, the Actuarial Valuation and the Actuarial Opinion will be provided to the CCSB and the Pension Board.

18. SIGNIFICANT CHANGE TO LEGAL OR FINANCIAL ENVIRONMENT

CBC/RADIO-CANADA shall not be required to take any action contemplated under this Memorandum of Agreement and any surplus utilization or allocation and/or contribution to the Health Care Fund shall be suspended indefinitely should any statute (including, without limitation, the Broadcasting Act), rule, regulation, order, decision or decree enacted, entered, enforced by the Government of Canada or of a Province or Territory or any of its Departments, Boards, Offices or Agencies having jurisdiction over CBC/RADIO-CANADA or the Pension Plan or the SHCP (including, without limitation, the Treasury Board of Canada, the Department of Canadian Heritage or its Minister, the CRA and the Superintendent) which imposes any condition or restriction upon CBC/RADIO-CANADA which would reasonably be expected to either (i) have a material adverse effect on the financial condition of CBC/RADIO-CANADA, or (ii) prevent CBC/RADIO-CANADA from realizing the major portion of the economic benefits that it currently anticipates obtaining from this Memorandum of Agreement.

19. WITHDRAWAL OF GRIEVANCES AND ARBITRATIONS

Within thirty (30) days after the execution of this Memorandum of Agreement the Unions will take such steps as are necessary to withdraw all Grievances listed in Schedule "A" and will provide CBC/RADIO-CANADA with appropriate documentation evidencing such withdrawal.

20. SETTLEMENT OF CLASS ACTION

Mr. Waterston, the CPNA and CBC/RADIO-CANADA agree that the Class Action is hereby settled on the terms and conditions set out in the Class Action Settlement Agreement annexed to this Memorandum of Agreement as Schedule "H" to this Memorandum of Agreement. Failing approval of the settlement in accordance with such Agreement by December 31, 2009, this Memorandum of Agreement and in particular Part I thereof, shall no longer be applicable to the CPNA and Mr Waterston nor to any Eligible Pensioner, Eligible Surviving Spouse, Eligible Child and Eligible Deferred Member (as such terms are defined in section 2 of this Memorandum of Agreement).

21. MOTION FOR LEAVE TO APPEAL

Within thirty (30) days after the execution of this Memorandum of Agreement the Unions will take such steps as are necessary to settle out of court, each Party paying its costs, the

Motion for leave to Appeal a decision of Justice Jeannine M. Rousseau of the Superior Court of Québec (C.S 500-17-032165-063) in respect of surplus sharing under the Pension Plan and the roles and powers of the CCSB.

22. ARBITRATION AWARD OF JUNE 23, 2006

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 agreements between the Parties pertaining to the powers of the CCSB.

23. PENSION PLAN AND TRUST AGREEMENT AMENDMENTS

CBC/RADIO-CANADA will adopt such amendments to the Pension Plan and the related Trust Agreement as are necessary to implement the provisions of this Memorandum of Agreement on surplus sharing; all such amendments to the Pension Plan and related surplus sharing provisions of this Memorandum of Agreement are subject to approval by the Minister of Canadian Heritage and, if required, the Superintendent and the CRA.

24. DEFINED BENEFIT PLAN

CBC/RADIO-CANADA remains committed to maintaining a defined benefit pension plan for Eligible Employees as defined under Part I of this Memorandum of Agreement.

25. NOTIONAL \$89 MILLION

CBC/RADIO-CANADA confirms that it will not avail itself of the \$89 Million notional reserve set aside in the Canadian Broadcasting Corporation Pension Plan fund in 2000.

26. AMENDMENT

This Memorandum of Agreement may only be amended by written agreement of the Parties. No waiver of any provision of this Memorandum of Agreement shall be deemed or shall constitute a waiver of any other provision hereof nor shall any such waiver constitute a continuing waiver unless expressly stated. No amendment may be made to this Memorandum of Agreement to add the Syndicat des Communications de Radio-Canada as a Party unless such amendment provides that all provisions of this Memorandum of Agreement shall apply to such Party and the employees that it represents, subject to such adjustments as the Parties may agree to.

27. NON-SEVERABILITY

The Parties have represented to each other that:

- (a) CBC/RADIO-CANADA would not have agreed to its undertakings under Part I of this Memorandum of Agreement without an agreement from the Unions under Parts II, III and IV of this Memorandum of Agreement;

- (b) The Unions would not have agreed to their undertakings under Parts II, III and IV of this Memorandum of Agreement without an agreement from CBC/RADIO-CANADA under Part I of this Memorandum of Agreement;
- (c) CBC/RADIO-CANADA would not have agreed to its undertakings under Part II of this Memorandum of Agreement without an agreement from the Unions, the CPNA and Mr Waterston under Parts I, III and IV of this Memorandum of Agreement; and that
- (d) The Unions, the CPNA or Mr. Waterston would not have agreed to their undertakings under Parts I, III and IV of this Memorandum of Agreement without an agreement from CBC/RADIO-CANADA under Part II of this Memorandum of Agreement.

Consequently, if any material provision of this Memorandum of Agreement is determined to be invalid or unenforceable in whole or in part, such that either CBC/RADIO-CANADA, the Unions, the CPNA or Mr. Waterston would not have entered into this Memorandum of Agreement without such provision, considering the representations reflected by the previous paragraph of this Section 27, this Memorandum of Agreement shall terminate. In such event, the Parties hereby undertake to renegotiate in good faith, with a view to concluding arrangements as nearly as possible the same as those contained in this Memorandum of Agreement.

28. PARTIAL/FULL WIND-UP OF PENSION PLAN

The Parties acknowledge that Part I of this Memorandum of Agreement shall not apply in case of full or partial wind-up or liquidation of the Pension Plan.

29. GOVERNING LAW

This Memorandum of Agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

30. LANGUAGE OF THE MEMORANDUM OF AGREEMENT

Both the English and French texts of this Memorandum of Agreement shall be considered official texts having equal force. Where a difference in interpretation arises, both versions will be reconciled in order to determine the intention of the Parties. The Parties agree that this Memorandum of Agreement was negotiated in English and French.

31. EXECUTION

This Memorandum of Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

32. ENTIRE AGREEMENT

This Memorandum of Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements,

understandings, negotiations and discussions, whether oral or written, including for greater certainty the May 1, 2008 and June 9, 2008 Agreements in Principle, which the Parties agree are superseded upon execution of this Memorandum of Agreement.

33. 10 YEAR REVIEW

The Parties agree to review the terms of this Memorandum of Agreement every ten years commencing in 2019.

34. SUCCESSORS AND ASSIGNS

This Memorandum of Agreement shall be binding on and inure to the benefit of the Parties hereto and their respective spouses, beneficiaries, successors, assigns, heirs, administrators and executors.

Executed as of the date first written above.

NAME OF SIGNATORY AND ORGANIZATION REPRESENTED

NAME OF SIGNATORY AND ORGANIZATION REPRESENTED

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ORGANIZATION REPRESENTED

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SIGNATURE

DONALD WATERSTON

NAME OF SIGNATORY

SIGNATURE

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SCHEDULE "A"

LIST OF GRIEVANCES (PARAGRAPH 1 (C) (VI))

CMG N370, N33, N45, N36, N47, N407, NT-07-22E

AR M-119, M-159, M-165, M-180, M-181

STARF N-95, N-103, N-120, N-153, N-157, N-166

SCFP M-1490, M-1510, M-1565, M-1569, M-1642, M-1654

SCHEDULE “B”

SUMMARY OF THE APPLICATION OF SECTION 3 OF THE MEMORANDUM OF AGREEMENT UNDER DIFFERENT FUNDING AND SOLVENCY RATIOS (PARAGRAPH 3 (VI))

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}

FINAL

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 %.

ILLUSTRATION OF THE APPLICATION OF SECTION 3 OF THE MEMORANDUM OF AGREEMENT ON THE BASIS OF ACTUARIAL VALUATIONS PERFORMED AS AT DECEMBER 31, 2009, 2012, 2015 AND 2018 (PARAGRAPH 3(VI))

All figures are fictitious and provided for the sole purpose of illustrating the application of the main provisions of the Memorandum of Agreement.

Interest on various amounts is not reflected for simplification purposes.

The actual surplus utilization will be adjusted to reflect Section 6 of the Memorandum of Agreement on fees and expenses, which are not reflected in the following illustrations.

Actuarial Valuation as at December 31, 2009⁴

Main results (fictitious results)

	Going-Concern Valuation	Solvency Valuation
Value of assets	\$4,200M	\$4,460M
Actuarial liabilities	\$3,800M	\$4,500M
Excess (deficit)	\$400M	(\$40M)
CBC/RADIO-CANADA's current service contribution	\$50M	N/A

Net Available Surplus is \$0M since there is a solvency deficit.

CBC/RADIO-CANADA needs to contribute its full current service contribution.

CBC/RADIO-CANADA needs to contribute quarterly special payments of \$2M until the next valuation is performed,⁵ as follows:

In July 2010 (retroactive contributions for 1st and 2nd quarter of 2010):	\$4M
From July 2010 to June 2011 (4 quarters):	\$8M
From July 2011 to June 2012 (4 quarters):	\$8M
From July 2012 to June 2013 (4 quarters):	<u>\$8M</u>
Total:	\$28M

The CBC/RADIO-CANADA Account, as calculated as of June 30, 2013, is therefore \$28M.

⁴ For illustrative purposes, it is assumed that an actuarial valuation will be filed at December 31, 2009.

⁵ To simplify the illustration, the actuarial valuation is presumed to remain in effect from December 31, 2009 to December 31, 2012, notwithstanding that an actuarial valuation would normally be required as at December 31, 2010 if the Plan were to be insolvent as at December 31, 2009.

Actuarial Valuation as at December 31, 2012

Main results (fictitious results)

	Going-Concern Valuation	Solvency Valuation
Value of assets	\$4,400M	\$4,850M
Actuarial liabilities	\$4,000M	\$4,500M
Excess (deficit)	\$400M	\$350M
CBC/RADIO-CANADA's current service contribution	\$50M	N/A

Calculation of the Available Surplus

(1) Going Concern Surplus in excess of 5% of Going Concern Liabilities (Paragraph 2(v)A)	\$200M
(2) Solvency Surplus in excess of 5% of Solvency Liabilities (Paragraph 2(v)A)	\$125M
(3) Going Concern Surplus that prevents eligible CBC/RADIO-CANADA contributions (Paragraph 2(v)B)	\$0M
(4) Maximum amount that can be used to reduce CBC/RADIO-CANADA contribution in accordance with pension legislation (Paragraph 2(v)B)	\$350M
(5) Estimated amount scheduled to be utilized in first six months of 2013 (Paragraph 2(v)C)	\$0M
(6) Special payments made in first six months of 2013 (Paragraph 2(v)D)	\$4M
Available Surplus:	\$129M
Greater of [Lesser of (1) and (2) = \$125M, and Lesser of (3) and (4) = \$0M] = \$125M	
Reduced by (5) = \$0M	
Increased by (6) = \$4M	

Calculation of the Net Available Surplus

(1) Estimated CBC/RADIO-CANADA's current service contribution from July 1, 2013 to June 30, 2016 (Paragraph 2(xxi)J)	\$150M
(2) CBC/RADIO-CANADA Account as at June 30, 2013 (Paragraphs 2(xxi) K and 2(xxi)M)	\$28M
(3) Available Surplus (Paragraph 2(xxi)L)	\$129M
Net Available Surplus:	\$101M ⁶
Lesser of [2 x [(1) - (2)] = \$244M, and (3) - (2) = \$101M]	

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⁶ In practice, the first Net Available Surplus will be reduced by the Settlement Expenses (ref: Paragraph 6(a)).

Calculation of the Net CBC/RADIO-CANADA Account

(1) CBC/RADIO-CANADA Account as at June 30, 2013 (Paragraph 2(xxii) E)	\$28M
(2) Available Surplus (Paragraph 2(xxii)F)	\$129M
(3) Estimated CBC/RADIO-CANADA's current service contribution from July 1, 2013 to June 30, 2016 (Paragraph 2(xxii)G)	\$150M
Net CBC/RADIO-CANADA Account:	\$28M
Lesser of (1), (2) and (3)	

Surplus utilizations

Maximum surplus share utilization is \$44M for the first year (i.e. 2 x [CBC/RADIO-CANADA's current service contribution of \$50M less CBC/RADIO-CANADA Account of \$28M]) and \$100M for subsequent years (i.e. 2 x CBC/RADIO-CANADA's current service contribution of \$50M)⁷.

	Year 1 (2013.07.01 - 2014.06.30)	Year 2 (2014.07.01 - 2015.06.30)	Year 3 (2015.07.01 - 2016.06.30)	Total
Available Surplus in Actuarial Opinion (Paragraph 3(b)(iv))	N/A	\$50M	\$0M	N/A
Utilization by CBC/R-C				
- from CBC/RADIO-CANADA Account	\$28M	\$0M	\$0M	\$28M
- from surplus share	\$22M	\$25M	\$0M	\$47M
Utilization by members ⁸	\$22M ⁹	\$25M	\$0M	\$47M
Total	\$72M	\$50M	\$0M	\$122M*

*An amount of surplus share of \$7M (i.e. \$101M less (two times \$47M = \$94M) = \$7M) cannot be used in the three year period covered by this Actuarial Valuation.

The CBC/RADIO-CANADA Account is fully utilized and is therefore reduced to \$0M as at June 30, 2016.

FINAL

⁷ As per Paragraph 3(b)(iii).

⁸ Actual payments will be adjusted to reflect expenses in respect of lump sum payments (ref: Paragraph 6(c)).

⁹ The first payment to members other than Eligible Active Members will be adjusted to reflect the CPNA legal expenses in connection with the Class Action (ref: Paragraph 6(b)).

Actuarial valuation as at December 31, 2015

Main results (fictitious results)

	Going-Concern Valuation	Solvency Valuation
Value of assets	\$4,600M	\$4,900M
Actuarial liabilities	\$4,200M	\$4,400M
Excess (deficit)	\$400M	\$500M
CBC/RADIO-CANADA current service contribution	\$50M	N/A

Calculation of the Available Surplus

(1) Going Concern Surplus in excess of 5% of Going Concern Liabilities (Paragraph 2(v)A)	\$190M
(2) Solvency Surplus in excess of 5% of Solvency Liabilities (Paragraph 2(v)A)	\$280M
(3) Going Concern Surplus that prevents eligible CBC/RADIO-CANADA contributions (Paragraph 2(v)B)	\$0M
(4) Maximum amount that can be used to reduce CBC/RADIO-CANADA contributions in accordance with pension legislation (Paragraph 2(v)B)	\$400M
(5) Estimated amount scheduled to be utilized in first six months of 2016 (Paragraph 2(v)C)	\$0M
(6) Special payments made in first six months of 2016 (Paragraph 2(v)D)	\$0M
Available Surplus:	\$190M
Greater of [Lesser of (1) and (2) = \$190M, and Lesser of (3) and (4) = \$0M] = \$190M	
Reduced by (5) = \$0M	
Increased by (6) = \$0M	

Calculation of the Net Available Surplus

(1) Estimated CBC/RADIO-CANADA's current service contribution from July 1, 2016 to June 30, 2019 (Paragraph 2(xxi)J)	\$150M
(2) CBC/RADIO-CANADA Account as at June 30, 2016 (Paragraph 2(xxi) K and 2(xxi)M)	\$0M
(3) Available Surplus (Paragraph 2(xxi)L)	\$190M
Net Available Surplus:	\$190M
Lesser of [2 x [(1) - (2)] = \$300M, and (3) - (2) = \$190M]	

Surplus utilizations

Maximum surplus utilization for a given year is \$100M (i.e. 2 x CBC/RADIO-CANADA's current service contribution of \$50M).

	Year 1 (2016.07.01 - 2017.06.30)	Year 2 (2017.07.01 - 2018.06.30)	Year 3 (2018.07.01 - 2019.06.30)	Total
Available Surplus in Actuarial Opinion (ref 3(b)(iv))	N/A	\$0M	\$100M	N/A
Utilization by CBC/R-C				
- from CBC/RADIO-CANADA Account	\$0M	\$0M	\$5M	\$5M
- from surplus share	\$45M*	\$0M	\$45M**	\$90M
Utilization by members ¹⁰	\$50M	\$0M	\$45M	\$95M
Total	\$95M	\$0M	\$95M	\$190M

*Assuming that CBC/RADIO-CANADA cannot utilize full \$50M due to smaller than expected payroll. As per Section 7 of the Memorandum of Agreement, the \$5M difference is added to the CBC/RADIO-CANADA Account for future utilization (amount is used in Year 3).

**Assuming that \$20M will be utilized from July 1, 2018 to December 31, 2018 and \$25M will be utilized from January 1, 2019 to June 30, 2019.

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¹⁰ Actual payments will be adjusted to reflect expenses in respect of lump sum payments (ref: Paragraph 6(c)).

Actuarial valuation as at December 31, 2018

Main results (fictitious results)

	Going-Concern Valuation	Solvency Valuation
Value of assets	\$4,700M	\$4,875M
Actuarial liabilities	\$4,200M	\$4,800M
Excess (deficit)	\$500M	\$75M
CBC/RADIO-CANADA's current service contribution	\$50M	N/A

Calculation of the Available Surplus

(1) Going Concern Surplus in excess of 5% of Going Concern Liabilities (Paragraph 2(v)A)	\$290M
(2) Solvency Surplus in excess of 5% of Solvency Liabilities (Paragraph 2(v)A)	\$0M
(3) Going Concern Surplus that prevents eligible employer contributions (Paragraph 2(v)B)	\$80M
(4) Maximum amount that can be used to reduce CBC/RADIO-CANADA contribution in accordance with pension legislation (Paragraph 2(v)B)	\$75M
(5) Estimated amount scheduled to be utilized in first six months of 2019 (Paragraph 2(v)C)	\$25M*
(6) Special payments made in first six months of 2019 (Paragraph 2(v)D)	\$0M
Available Surplus:	\$50M
Greater of [Lesser of (1) and (2) = \$0M, and Lesser of (3) and (4) = \$75M] = \$75M	
Reduced by (5) = \$25M	
Increased by (6) = \$0M	

*Of the CBC/RADIO-CANADA's surplus share utilization of \$45M in the period from July 1, 2018 to June 30, 2019, \$20M is assumed to be utilized from July 1, 2018 to December 31, 2018 and \$25M is assumed to be utilized from January 1, 2019 to June 30, 2019.

Calculation of the Net Available Surplus

(1) Estimated CBC/RADIO-CANADA's current service contribution from July 1, 2019 to June 30, 2022 (Paragraph 2(xxi)J)	\$150M
(2) CBC/RADIO-CANADA Account as at June 30, 2019 (Paragraph 2(xxi)K and 2(xxi)M)	\$0M
(3) Available Surplus (Paragraph 2(xxi)L)	\$50M
Net Available Surplus:	\$50M
Lesser of [2 x [(1) - (2)] = \$300M, and (3) - (2) = \$50M]	

Surplus utilizations (assuming the Memorandum of Agreement is renewed in 2019 as per the current terms)

Maximum surplus utilization for a given year is \$100M (i.e. 2 x CBC/RADIO-CANADA's current service contribution of \$50M).

	Year 1 (2019.07.01 - 2020.06.30)	Year 2 (2020.07.01 - 2021.06.30)	Year 3 (2021.07.01 - 2022.06.30)	Total
Available Surplus in Actuarial Opinion ¹¹ (paragraph 3(b)(iv))	N/A	\$100M	\$100M	N/A
Utilization by CBC/R-C				
- from CBC/RADIO-CANADA Account	\$0M	\$0M	\$0M	\$0M
- from surplus share	\$25M	\$0M	\$0M	\$25M
Utilization by members ¹²	\$25M	\$0M	\$0M	\$25M
Total	\$50M	\$0M	\$0M	\$50M

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¹¹ The Actuarial Opinions would not be filed with the CRA since there is no surplus distribution during the 2nd and 3rd year.

¹² Actual payments will be adjusted to reflect expenses in respect of lump sum payments (ref: Paragraph 6(c)).

SCHEDULE “C”

ARBITRATION (PARAGRAPH 14)

Any controversy or dispute arising out of or relating to this Memorandum of Agreement, including (without limitation) its negotiation, validity, existence, breach, termination, construction or application, or the rights, duties or obligations of any Party, shall be referred to and determined by arbitration before a single arbitrator in accordance with the *Ontario Arbitration Act, 1991 S.O. 1990 c. 17* or the provisions of the *Code of Civil Procedure of Quebec* (the “Act”), as applicable, and the Procedures set out in this Schedule “C”.

Arbitration Procedures

1. Definitions and Interpretation

- (a) **Definitions** – Unless otherwise defined in this Schedule “C”, all capitalized terms defined in the Memorandum of Agreement which are used in this Schedule “C” have the same meaning as provided for those terms in the Memorandum of Agreement. Where used in this Schedule “C”, unless the context or subject matter otherwise requires, the following words and phrases will have the meaning set forth below:

“Approved Arbitrator” means a retired judge of the Supreme Court of Canada, Ontario Superior Court, Quebec Superior Court, Quebec Court of Appeal or Ontario Court of Appeal or a senior qualified lawyer who is impartial and independent of the Parties.

“Arbitrator” means the arbitrator appointed pursuant to Section 2 of this Schedule “C”.

“Dispute” means any matter which a Party, in accordance with the terms of the Memorandum of Agreement, submits to arbitration in accordance with the terms of this Schedule “C”.

“Procedures” means the arbitration procedures described in this Schedule “C”.

“Schedule “C”” means this schedule of arbitration procedures.

- (b) **Governing Law and Jurisdiction** – The seat of the arbitration shall be Ontario or Quebec, as applicable, and all Disputes referred to arbitration (including without limitation the scope of the agreement to arbitrate, the law relating to the enforcement of the agreement to arbitrate, any relevant limitation periods, the law governing the procedure of the arbitration, the law relating to available remedies, set-off claims, conflict of laws rules and claims to costs and interest) shall be governed by the laws of the Province of Ontario or those of Quebec, as applicable.
- (c) **Time** - In the computation of time under the Procedures or an order or direction given by the Arbitrator pursuant to this Schedule “C”, except where a contrary intention appears or the Parties otherwise agree:

- (i) where there is a reference to a number of days between two events, those days shall be counted by excluding the day on which the first event happens and including the day on which the second event happens, even if they are described as clear days or the words “at least” are used;
- (ii) where the time for doing any act under this Schedule “C” or any order or direction given by the Arbitrator expires on a day which is not a business day, the act may be done on the next day that is a business day; and
- (iii) delivery of a document or notice provided for in this Schedule “C” or any order or direction given by the Arbitrator made after 5:00 p.m. (Eastern Standard Time) or at any time on a day which is not a business day, shall be deemed to have been made on the next business day.

2. Commencement of Arbitration - Any Party to the Memorandum of Agreement (the “Claimant”) may commence arbitration for a Dispute by delivering a written notice (a “Complaint”) to the Party against whom the Claimant seeks a remedy (the “Respondent”). In the Complaint, the Claimant shall describe the substance of the Dispute and name three (3) persons whom the Claimant is prepared to appoint as arbitrator, each of such persons to be an Approved Arbitrator. Within 10 days of the receipt of the Complaint, the Respondent shall by written notice to the Claimant agree to the appointment of one of the three (3) persons named by the Claimant or provide the Claimant with a list of three (3) other persons who are Approved Arbitrators. Within 10 days of receipt of the Respondent’s list, by written Notice to the Respondent, the Claimant shall agree to the appointment of one (1) of such persons, or provide a further list of three (3) Approved Arbitrators. The Parties shall continue to exchange lists of three (3) Approved Arbitrators in this fashion until the Arbitrator is appointed. If the Arbitrator is not appointed within 30 days of the initial receipt by the Respondent of the Complaint, either Party may provide copies of the exchanged lists to ADR Chambers or to the Canadian Commercial Arbitration Centre which shall appoint the Arbitrator.

3. Arbitration Procedures - The following Procedures shall apply to the arbitration of any Dispute, except as the Parties may otherwise agree or as the Arbitrator otherwise directs:

- (a) Within 20 days of the appointment of the Arbitrator, the Claimant shall deliver to the Respondent and the Arbitrator a written statement (the “Claim”) concerning the Dispute setting forth, with particularity, the full names, descriptions and addresses of the Parties, the nature of the Claim, the allegations of fact supporting the Dispute submitted for arbitration and the relief or remedy sought.
- (b) Within 30 days after the delivery of the Claim, the Respondent shall deliver to the Claimant and the Arbitrator a written response (the “Answer”) to the Claim setting forth, with particularity, its position on the Dispute and the allegations of fact supporting the Answer.
- (c) If any Respondent fails to deliver an Answer within the time limit referred to in subsection 3(b), that Respondent shall, subject to subsection 3(f), be deemed to have admitted the allegations of fact alleged in the Claim and have accepted the Claimant’s entitlement to the relief and remedy set out in the Claim.

- (d) Within 10 days after the delivery of any Answer, the Claimant may deliver to the Respondent and the Arbitrator a written reply (the “Reply”) to that Answer, setting forth, with particularity, its response, if any, to the Answer.
- (e) If the Respondent wants to submit any other Dispute to the Arbitrator it may, within the time provided for the delivery of the Answer to the Claim, also deliver to the Claimant and the Arbitrator a counter-complaint (the “Counterclaim”) setting forth, with particularity, the nature of the Counterclaim, the allegations of fact supporting the Counterclaim and the relief or remedy sought, for the Arbitrator to decide. Within 20 days of the delivery of a Counterclaim, the Claimant shall deliver to the Respondent making a Counterclaim and the Arbitrator an Answer to such Counterclaim setting forth, with particularity, its position on the Counterclaim and the allegations of fact supporting the Counterclaim. If the Claimant fails to deliver an Answer to the Counterclaim within such 20-day period, the Claimant will be deemed, subject to subsection 3(f) to have admitted the allegations of fact alleged in the Counterclaim, and have accepted the Respondent’s entitlement to the relief and remedy set out in the Counterclaim. Within 10 days after the delivery of an Answer to the Counterclaim, the Respondent may deliver to the Claimant and the Arbitrator a Reply to such Answer setting forth, with particularity, its response to such Answer. Any Dispute submitted to arbitration in accordance with this subsection 3(e) shall be governed by, and dealt with as if it were the subject of a Complaint, that shall be determined by the same Arbitrator as part of the same arbitration proceeding as the Complaint.
- (f) The time limits set for the delivery of the documents referred to in subsections 3(a) to (e) inclusive may be extended by agreement of the Parties or by the Arbitrator for such period, on such terms, and for such reasons as the Arbitrator may determine upon application made to the Arbitrator in writing by either the Claimant or the Respondent on notice to the other, with such application being made either before the expiry of the time limit in issue or within 2 days thereafter, and the Arbitrator may relieve the applying Party of the consequences of its failure to comply with the time limit in issue, provided, however, that the other Party shall be given an opportunity to make submissions on the application.
- (g) Within 20 days following the completion of the steps set out in subsections 3(a) to (e) of this Schedule C, a Party may, upon written notice to the other Party and to the Arbitrator, request the Arbitrator to give directions and make any order which is, in the discretion of the Arbitrator, reasonable regarding any procedural matters which properly should be resolved before the arbitration proceeds further, including: the amendment of any pleadings; the provision of particulars; the production of documents and the need for examinations for discoveries in connection with the arbitration, either by way of oral examination or written interrogatories and a determination as to the manner in which evidence shall be presented to the Arbitrator (by way of agreed statement of facts, sworn evidence and transcripts of cross-examinations on such sworn evidence or *viva voce*, or some combination thereof). In making any order or giving any direction in respect of any procedural matter the Arbitrator may impose such terms as are reasonable in order to ensure the completion of the arbitration in a timely manner. The notice requesting any direction or order pursuant to this subsection shall state the direction or order sought and set out the reasons for seeking such direction or order. Nothing in this subsection shall be

taken to limit the jurisdiction of the Arbitrator to deal with procedural matters in accordance with the Act.

- (h) In the case where no Party has requested directions in accordance with paragraph 3(g), the Arbitrator shall give directions regarding the further procedural steps in the arbitration, including any production of documents, any examinations for discovery, and the nature of any hearing (“Hearing”). In making any order or giving any direction in respect of any procedural matter the Arbitrator may impose such terms as are reasonable in order to ensure the completion of the arbitration in a timely manner. Each of the Parties shall have an opportunity to make oral submissions to the Arbitrator in respect of such procedural steps.
- (i) Unless the time for making an award is extended by agreement of the Parties or by court order, the Arbitrator shall make an award within 60 days after completion of any Hearing or other final procedural step in which evidence or argument are provided to the Arbitrator. The award shall be in writing and shall state the reasons on which it is based. Executed copies of all awards shall be delivered by the Arbitrator to each Party as soon as is reasonably possible.
4. **Agreement to be Bound** - Notwithstanding the provisions of Section 2 of this Schedule “C”, no individual shall be appointed as Arbitrator unless he or she agrees in writing to be bound by the provisions of this Schedule “C”.
5. **Arbitrator Discretion** - Subject to the Act, the Memorandum of Agreement and this Schedule “C”, the Arbitrator may conduct the arbitration in such manner as the Arbitrator considers appropriate.
6. **Interim Relief** - At the request of any Party, the Arbitrator may take such interim measures as the Arbitrator considers necessary in respect of the Dispute, including measures for the preservation of assets, the conservation of goods or the sale of perishable goods. The Arbitrator may require security for the costs of such measures.
7. **Remedies** - The Arbitrator may make final, interim, interlocutory and partial awards. An award may grant any remedy or relief which the Arbitrator considers just and equitable. The Arbitrator shall state in the award whether or not the Arbitrator views the award as final or interim, for purposes of any judicial proceedings in connection with such award.
8. **Experts** – The Arbitrator shall not, without the written consent of all the parties to the arbitration, appoint any expert or other consultant or retain any counsel to advise him or her.
9. **Appeal** –No Party to the Arbitration may appeal an award of the Arbitrator. The Parties do not waive their right to commence proceedings seeking the annulment or the judicial review of an award before the Superior Court of Ontario or the Superior Court of Quebec, as the case may be. In the event of such proceedings, each Party shall assume its own fees and expenses. The decision of the Superior Court shall be final and without appeal.
10. **Costs of Arbitration** - The fees and expenses of the Arbitrator and costs of the arbitration facilities shall be periodically billed to and paid in equal proportions by the

Parties to the Arbitration as the arbitration proceeds. Each of the Parties shall assume its own fees and expenses.

11. **Interest** - The Arbitrator may award pre- and post-judgment interest in accordance with the *Ontario Courts of Justice Act* or in accordance with the provisions of the *Civil Code of Quebec*, as applicable.
12. **Notices** – All Notices and all other documents required or permitted by this Schedule “C” to be given by any Party to the arbitration to any other or to the Arbitrator shall be given in accordance with the Arbitrator’s instructions.
13. **Communication and Confidentiality** - The Parties may communicate the existence of the Arbitration and any element of the Arbitration (including submissions and any evidence or documents presented or exchanged and any awards thereunder) and disclose them to any person, provided however that a Party can at any time request from the Arbitrator that the existence of the Arbitration or any element of the Arbitration be kept confidential, so long as such request is reasonable in the circumstances. Such request may not, however, prevent the communication of the Arbitration or of an element of the Arbitration to the Arbitrator, the Parties’ auditors and insurers, legal counsel to the Parties and any other person necessary to the conduct of the Arbitration or if such disclosure is required by law, or required for any annulment or judicial review proceedings in respect of an award or to enforce any award or decision made pursuant thereto.

SCHEDULE “D”

ROLES AND POWERS OF THE CCSB (PARAGRAH 13 (B))

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 plan surplus and manage health care plan 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 for 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 that 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 endeavour 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 affected party reserve its right under the relevant applicable collective agreement.

SCHEDULE "E"

ADJUSTMENT FACTOR (PARAGRAPH 8 (IV))

For illustrative purposes only – Salary related Compensation Elements and Statutory Deductions of Eligible Employee population included in Calculation of Adjustment Factor for 2007

BASIC SALARY	\$466,955,370
ANNUAL LEAVE (taken/paid-out)	\$46,479,330
SHORT TERM DISABILITY	\$13,414,080
SPECIAL LEAVE	\$1,510,457
WORKERS' COMPENSATION	\$563,000
BASE EARNINGS	\$528,922,237
ADDITIONAL REMUNERATIONS AND OVERTIME PAYMENTS	\$59,194,367
TOTAL SALARY	\$588,116,604
LIFE (active + retirees)	\$3,724,193
PENSION	\$47,875,000
LONG SERVICE BENEFIT	\$5,559,000
TOTAL BENEFITS	\$57,158,193
CANADA PENSION PLAN/QUEBEC PENSION PLAN	\$3,025,630
EMPLOYMENT INSURANCE AND QUEBEC PARENTAL INSURANCE PROGRAM	\$1,182,679
PAYROLL TAXES - PROVINCIAL HEALTH CARE	\$14,047,995
TOTAL STATUTORY DEDUCTIONS	\$18,256,304
TOTAL COMPENSATION AND STATUTORY DEDUCTIONS	\$663,531,101
Adjustment factor (Total Compensation and Statutory Deductions divided by Base Earnings)	1.254

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SCHEDULE "F"

PROJECTED CONTRIBUTIONS TO HEALTH CARE FUND – (PARAGRAPH 9 (C))

Projected CBC/RADIO-CANADA Contributions to the Health Care Fund For Illustrative Purposes					
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%	\$555,698,925			
2010	2.50%	\$569,035,699	0.123%	\$437,355	\$437,355
2011	2.50%	\$582,692,556	0.245%	\$1,159,364	\$1,596,719
2012	2.50%	\$596,677,178	0.367%	\$1,917,655	\$3,514,374
2013	2.50%	\$610,997,430	0.490%	\$2,714,545	\$6,228,920
2014	2.50%	\$625,661,368	0.613%	\$3,548,582	\$9,777,502
2015	2.50%	\$640,677,241	0.736%	\$4,421,089	\$14,198,591
2016	2.50%	\$656,053,495	0.860%	\$5,338,578	\$19,537,169
2017	2.50%	\$671,798,779	0.983%	\$6,295,446	\$25,832,616
2018	2.50%	\$687,921,949	1.106%	\$7,291,938	\$33,124,554
2019	2.50%	\$704,432,076	1.230%	\$8,338,160	\$41,462,714
* 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)					

SCHEDULE "G"

**SHCP AND HEALTH CARE FUND FINANCIAL PROJECTIONS –
(PARAGRAPH 11 (E))**

**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%	\$18,195,350	\$17,770,225	(\$425,125)	\$0	(\$425,125)	\$0
2010	2.50%	4.50%	\$19,469,025	\$18,569,885	(\$899,139)	\$437,355	(\$886,909)	\$0
2011	2.50%	4.50%	\$20,831,856	\$19,405,530	(\$1,426,326)	\$1,159,364	(\$1,153,871)	\$0
2012	2.50%	4.50%	\$22,290,086	\$20,278,779	(\$2,011,307)	\$1,917,655	(\$1,247,524)	\$0
2013	2.50%	4.50%	\$23,850,392	\$21,191,324	(\$2,659,068)	\$2,714,545	(\$1,192,047)	\$0
2014	2.50%	4.50%	\$25,519,920	\$22,144,933	(\$3,374,986)	\$3,548,582	(\$1,018,451)	\$0
2015	2.50%	4.50%	\$27,306,314	\$23,141,455	(\$4,164,859)	\$4,421,089	(\$762,220)	\$0
2016	2.50%	4.50%	\$29,217,756	\$24,182,821	(\$5,034,935)	\$5,338,578	(\$458,577)	\$0
2017	2.50%	4.50%	\$31,262,999	\$25,271,048	(\$5,991,951)	\$6,295,446	\$155,082	\$0
2018	2.50%	4.50%	\$33,451,409	\$26,408,245	(\$7,043,164)	\$7,291,938	\$0	\$93,693
2019	2.50%	4.50%	\$35,793,007	\$27,596,616	(\$8,196,391)	\$8,338,160	\$0	\$235,461

* 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.

SCHEDULE “H”

(SECTION 20)

CLASS ACTION SETTLEMENT AGREEMENT

WHEREAS the Class Action was certified by Order of The Honourable Justice Cullity dated March 10, 2006 (the “Certification Order”) in respect of the class of plaintiffs defined under paragraph 1 of the Certification Order (the “Class”);

AND WHEREAS under paragraph 20 of the Memorandum of Agreement dated May 22, 2009 (the “MOA”) to which this Class Action Settlement Agreement is attached, Donald Waterston, the CPNA and CBC/RADIO-CANADA (together, the “Class Action Parties”) agree to settle the Class Action on the terms and conditions set out in this Class Action Settlement Agreement;

NOW THEREFORE, for good and valuable consideration the sufficiency of which is hereby admitted the Class Action Parties agree as follows:

1. Capitalized terms used in this Class Action Settlement Agreement shall have the meanings set out in the MOA except where otherwise stipulated herein.
2. In exchange for the covenants and obligations set out in the MOA, the Class Action shall be settled in accordance with the provisions in this Class Action Settlement Agreement.
3. Prior to obtaining Court approval of the settlement of the Class Action, the Class Action Parties jointly shall use best efforts to obtain leave from the Court to expand the definition of the Class in order to include additional people within the Class, as follows:

The Class Members shall be those people, wherever resident, together with their survivors, who were in receipt of an annuity or pension from the Canadian Broadcasting Corporation under the CBC Pension Plan, or who were former employees of the Canadian Broadcasting Corporation and who had a deferred future entitlement to an annuity or pension under the CBC Pension Plan, on December 31, 2002 and/or on December 31, 2005 and/or at any time between December 31, 2005 and the date of the Court Order approving the settlement of this action.

4. As soon as reasonably possible after the definition of the Class has been expanded in accordance with paragraph 3 above, the Class Action Parties jointly shall seek a Court Order approving the settlement of the Class Action under Section 29 of the Class Proceedings Act (Ontario) (the “Approval Order”).
5. Prior to the Class Action Parties obtaining the Approval Order, Mr. Waterston and the CPNA shall use best efforts to persuade as many of the opted out members of the Class as possible to revoke their election to opt out of the Class Action, in order to be bound

within the terms of the Approval Order, which efforts shall include mailing an “opt in” form to such opted out Class members following notification of the settlement being provided to the Class.

- 6.** The Class Action Parties jointly will use best efforts to obtain mutually acceptable terms in the Approval Order including the following:
 - (a)** Approving the expenses and disbursements of the CPNA and the reimbursement of the CPNA for those expenses and disbursements as provided in paragraph 6(b) of the MOA. The Class Action Parties agree that the payment and reimbursement of expenses and disbursements provided for herein will be deducted from the portion of the first Eligible Member Group Surplus Share, or from a subsequent Eligible Member Group Surplus Share, if necessary, payable to the Eligible Pensioners, Eligible Surviving Spouses, Eligible Children and Eligible Deferred Members and shall be allocated between them pro rata to the proportion that each such person’s surplus share bears to such portion of the first Eligible Member Group Surplus Share;
 - (b)** Releasing CBC/RADIO-CANADA and barring future claims by any members of the Class as expanded pursuant to paragraph 3 above; and
 - (c)** Providing that the cost of providing and transmitting all notices to the Class relating to the class expansion and approval motions and settlement will be paid for by CBC/RADIO-CANADA as Settlement Expenses. The Class Action Parties shall also cooperate with any related mailings or postings as may be required by the Court.