CBC Pension Plan

Annual Report 2000

CBC Radio-Canada

TABLE OF CONTENTS

PROFILE

The Canadian Broadcasting Corporation Pension Plan (the Plan) was established by the Canadian Broadcasting Corporation (CBC) effective September 1, 1961, pursuant to the Broadcasting Act. The Plan is primarily a contributory defined benefit pension plan covering substantially all employees of the CBC. The Plan also incorporates an additional contributory component at no cost to the Plan which provides employees the flexibility to improve the provisions determining the calculation of their benefit through tax-deductible contributions. The Plan is federally regulated and is governed by the provisions of the Pension Benefits Standards Act (the "Act"), and the Regulations thereof.

The assets of the Plan are administered by the CBC Pension Board of Trustees by virtue of the Trust Deed between the CBC and the Trustees.

The primary purpose of the Plan is to provide defined benefits for its members in accordance with the Trust Deed and other documents from time to time describing the Plan.

The CBC Pension Board of Trustees, directly or through agents retained by it, is responsible for investing the Fund and in doing so, identifies and pursues investment opportunities in accordance with the Act, the regulations and the Fund's Statement of Investment Policy and Goals.

The investment objective of the Fund over the long term (e.g. 10 year period) is consistently to achieve time weighted average annual rates of return which exceed the increases in the consumer price index by a minimum of 3.75%. The Fund Manager's objective is to generate returns after deductions for management fees and administrative costs related to the investment activity that equal the annual average increase in a benchmark portfolio plus 0.5%, on a four-year moving average basis. The benchmark return is calculated by combining the return of the asset class benchmark indices in the proportions in which they are represented in the Fund's asset mix.

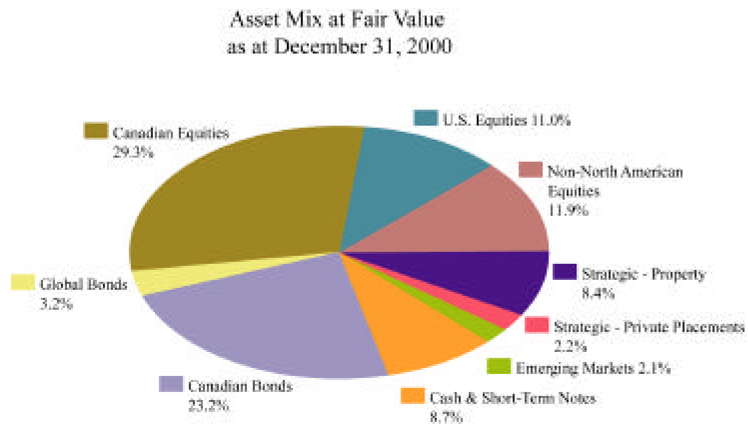
The long-term asset mix of the Fund is: 58% equities, 31% fixed income and 11% strategic which includes property and private placements.

OVERVIEW OF THE YEAR'S FINANCIAL OPERATIONS

The Fund's net assets available for benefits increased $14.0 million (0.36%) from $3,905.0 million at December 31, 1999 to $3,919.0 million at December 31, 2000.

Over the year, the funding excess, which is the actuarial value of net assets available for benefits less the accrued pension benefits, increased by $40.8 million from $616.2 million in 1999 to $657.0 million at the end of 2000. This net increase is after taking into account $139.8 million in contribution refunds to employees and retired employees equivalent to 17.2% of historical contributions and related interest. This action reflects an amendment to the Plan whereby normal employee contributions were also reduced by the noted percentage effective January 1, 2000 onwards. Further, the Corporation's normal contributions are to be applied against the funding excess for the years 2000 to 2002.

The Fund uses an external firm which specializes in providing performance measurement data. For the year ending December 31, 2000, the one year rate of return was 8.2% and over a four year period the rate of return was 11.7%. For the ten year period ending on the same date, the time weighted compound annual rate of return for the Fund was 11.2%. The consumer price index increased at the equivalent of a compound annual rate of 1.9% during the same ten year period.



The year to year comparative change in net assets is as follows:

	2000	1999	Increase (Decrease)		
	million $		$	%	
Net Assets Available for Benefits at the Beginning of the Year	3,905.0	3,513.6	391.4	11.1	
Add:					
Investment Income	130.9	128.1	2.8	2.2	Relates primarily to increase in short-term investments.
Current Year Change in Fair Value of Investments and Currency	180.5	418.9	(238.4)	(56.9)	Primarily a decrease in unrealized gains due to market conditions.
Contributions:					
Employer	0.3	6.7	(6.4)	(95.5)	100% rate reductions for 2000, 1999 was approximately 43% of normal rate
Employee	20.7	13.9	6.8	48.9	1999 rate was 50% of normal rate
Less Expenditures:					
Benefit Payments	169.3	168.7	0.6	0.4	Pension payments decreased $2.2 million and refunds and transfers increased $2.7 million.
Contribution & Interest Refunds	139.8	0.0	139.8	N/A	17.2% refund of historical contributions and interest to employees and retired employees.
Administrative Expenses	9.3	7.5	1.8	24.0	
Increase in Net Assets	14.0	391.4	(377.4)	(96.4)	
Net Assets Available for Benefits at the End of the Year	3,919.0	3,905.0	14.0	0.4	

TRUSTEES REPORT

ASSET MIX REVIEW

The year 2000 was the final year of a three year plan within which the Fund made progressive changes to the asset mix by increasing its weighting in equities and foreign exposure while reducing fixed income investments. The changes to the asset mix, which were initiated in 1998 following a review and consultation with the Plan's actuaries, increased the expected returns of the Fund, reduced the probability in the long term of a deficit and of contribution increases and, augmented the possibility of an increased surplus. The target asset mix for the year 2000, as approved by the Trustees in their annual review of the CBC Pension Fund Statement of Investment Policy and Goals, was 58% equities, 31% fixed income and 11% strategic which includes property and private placements. The Fund's actual performance results compared to the benchmark return have continuously improved over the past three years. An Actuarial Valuation as at December 31, 1999 confirmed that the Plan had a funding excess of $616.2 million. Based upon this funding excess, the CBC, as plan sponsor, decided to refund a portion of historical employee and retiree contributions, permanently reduce the employee contribution rate and reduce the employer contribution rate over a three year period commencing in 2000. The remaining balance of the surplus is amortized over a ten year period which will continue to minimize the effects of market volatility on the Plan in future years.

In 2000, the Board of Trustees commissioned a review of the portfolio structure within the asset classes to determine if the structure was in fact optimal. It was found that some modifications could enhance the ability to achieve value added objectives and risk management. A plan was developed in 2000 with a partial implementation of recommendations; however, the majority of the activity will take place in 2001 and 2002.

GOVERNANCE

The Board of Trustees is committed to effective plan governance since it is crucial to delivering the pension promise. The Governance Framework adopted in 1997 continues to evolve. In 1999, pension administration professionals and regulators formed a Joint Task Force on Pension Plan Governance in response to a Standing Senate Committee on Banking Trade and Commerce's request that a standard set of best practices and self assessment guidelines be developed and adopted by pension plans in Canada. The Board of Trustees formally adopted the recommendations on principles and self assessment best suited for the Plan as issued by the Joint Task Force.

In 2000, the Board of Trustees incorporated a Management/Board Roles and Responsibilities Chart into the By-Laws. This chart clearly identifies the responsibilities of the Board of Trustees and management with respect to the areas of activity of the CBC Pension Plan including Investment, Benefits and Funding, Human Resources, Communication and Operations and Control.

Further, in an effort to improve transparency for plan members, the Board of Trustees approved guidelines whereby certain documented board policies would be made accessible to plan members.

Towards the end of 2000, the Board commissioned a high level assessment of the existing risk management infrastructure at the Plan. This undertaking will assist in the identification and prioritization of key operational and investments risks. Our objective is to ensure that these risks are effectively managed through adequate resource allocations. Further activity in this project will take place in 2001.

There is more detail elsewhere in this annual report relating to the effective governance of the CBC Pension Plan.

RETIRING SECRETARY, BOARD OF TRUSTEES

The Board wishes to express its appreciation to Michel Bissonnette who served as Secretary to the Board of Trustees for 20 years. Mr. Bissonnette retired after 34 years of service in the CBC, 28 of which were in the pension administration area.

In closing, the Board recognizes that 2000 was a year of great achievement which reflects very favourably on management. The Board wishes to thank the staff for their efforts and commitment to the achievement of our objectives.

On behalf of CBC Pension Board of Trustees.

Thomas Wilson

Managing Director / CEO Report

Fund Performance

Even though it was not an easy year to earn substantial returns, the results for 2000 were very positive. The CBC Pension Fund return was 8.2 % exceeding the Investment Objective long-term return requirement of CPI plus 3.75% by 1.2% (120 basis points). The Fund exceeded the Benchmark portfolio return of 6.3%, by 1.9% (190 basis points). On a four-year average, the Fund return was 11.7% compared to the Benchmark portfolio of 11.4%, a difference of 30 basis points. This marks the first time the Fund has exceeded the Benchmark portfolio on a four-year average basis since it was established. On a relative basis, the Fund also achieved a second quartile ranking compared to other pension funds on a four-year average basis.

Net Assets grew slightly to $3,919 million compared to $3,905 million in 1999. This is after net outflows of $288 million for benefits less contributions plus a provision for the refund of contributions to employees and retirees. As a result of the favorable returns, the funding excess actually increased to $657 million.

Highlights

- To reduce risk and limit the exposure to one security (Nortel Networks), the Trustees changed the benchmark for Canadian equities from the TSE 300 to the TSE 300 Capped 10 where any one-security weighting is capped at 10%. This proved to be a very prudent decision, given the substantial drop in the value of Nortel shares in the latter part of the year.

- Again this year, the internal Canadian equity portfolio demonstrated outstanding performance and was the primary contributor to the overall Fund performance.

- 2000 was the last transition year of the revised Investment policy which resulted in a number of changes in the portfolios, including the creation and awarding of an external mandate for Global Bonds, increasing the funding for Emerging Markets and re-aligning the Property portfolio to create greater flexibility.

- A review of the portfolio structures was completed which resulted in some adjustments and will lead to the creation of new portfolios in the next two years.

- The actuarial valuation was completed and following the decision by the CBC, a process for the refund of contributions was commenced which included preparing individual information for each member of the Plan. Cash levels were also built up to fund the payments, which were made in early 2001.

The numerous changes made to the investment operation over the last few years, means that investment risk is much more diversified and offers greater protection in these volatile times. While overall returns in 2000 reverted to the more normal single digit range, the Fund remains in excellent financial health.

I would like to thank the staff in the Pension Benefit Administration Department for their considerable effort throughout the special project on contribution refunds.

Stephen Cotsman
Managing Director/CEO

PENSION PLAN GOVERNANCE

OVERVIEW

Pension plan governance means the process and structure used to direct and manage the business and affairs of the CBC Pension Plan with the objective of optimizing the Plan's performance, which includes ensuring that the Plan is financially able to discharge its responsibilities. The process and structure define the division of responsibilities and establish the mechanisms for achieving accountability among the Board of Trustees, pension plan management and the plan members. The direction and management of the Plan should take into account the impact on other stakeholders such as the CBC and its Board of Directors. Appropriate pension plan governance is crucial to delivering the pension promise.

By virtue of the Trust Deed between the CBC and the Trustees, the CBC Pension Board of Trustees is responsible for the administration of the Plan including the management of the fund's assets and the payment of benefits promised to plan members and their survivors. In discharging the fiduciary responsibilities, the Trustees must exercise the care, diligence and skill in the administration and investment of the pension fund that a person of ordinary prudence would exercise in dealing with the property of another. The fiduciary duties oblige Trustees to invest assets in a prudent manner taking into account all factors that may affect the funding and solvency of the Plan and the ability of the Plan to meet its financial obligations. The CBC Pension Board of Trustees has a Statement of Investment Policy and Goals defining investment policies, principles and eligible investments which are appropriate to the needs and objectives of the Plan and the Fund.

Subsequent to the Standing Senate Committee on Banking, Trade and Commerce report on the Governance Practices of Institutional Investors, a Joint Task Force on Pension Plan Governance was established to address the Committee's specific recommendation that plan administrators adopt industry best practices with respect to pension plan governance. Members of the Task Force included the Pension Investment Association of Canada (PIAC), the Association of Canadian Pension Management (ACPM) and the Office of Superintendent of Financial Institutions (OSFI) all of which had their own guidelines which contained many common principles. The Joint Task Force developed a common set of pension plan governance principles and a guide for plan administrators to conduct an assessment of their governance practices and issued their recommendations on December 21, 1999.

In 2000, the CBC Pension Board of Trustees reviewed the Joint Task Force recommendations to ensure that they augmented the existing Governance Framework of the CBC Pension Plan. This framework, which has evolved over time, started with corporate governance guidelines as approved by the Toronto Stock Exchange in May 1995 and updated in 1997-98 to take into account the guidelines issued by PIAC entitled "Effective Pension Plan Governance". These were used to ensure that the Plan was managed effectively, prudently and in compliance with all legal requirements. Consistent with the Board of Trustees ongoing commitment towards excellence in the governance of the Plan, the Board adopted the Joint Task Force recommendations on principles and self assessment as best suited to the CBC Pension Plan.

The principles which the Joint Task Force found to be essential to achieving effective governance of a pension plan are:

1. Pension plans should have a clear mission.

2. Pension plans have a primary fiduciary duty to plan beneficiaries:

   - Pension plan governors and administrators owe a duty of loyalty to the plan and its beneficiaries over and above any constituency interests.

- A code of conduct, including conflict of interest policies and procedures, covering benefits administration and funding, as well as investments, should be clearly articulated and monitored.

3. Responsibilities/accountabilities should be allocated clearly in order to identify stakeholders, allocate responsibilities and define roles:

   - The plan's governors and administrators should define the responsibilities of each participant in the governance, management and operations of the pension plan, and clearly identify the stakeholders to whom each are accountable.

   - Accountability is enhanced through disclosure and transparency.

4. Performance should be measured and reported:

   - The plan's governors should measure performance, including pension administration and funding status as well as investments, against pre-defined goals, adjusted for differing needs over time.

   - Measuring performance facilitates the separation of the supervision of operations from their execution.

   - Performance objectives and measures should be tailored to each plan's specific requirements.

   - Results should be reported to the appropriate stakeholders.

5. The pension plan administrator should be qualified and knowledgeable:

   - Each person involved in plan administration should have, or acquire, knowledge and skills that are current and appropriate for the responsibilities and accountabilities they carry.

6. Governance self-assessment:

   - The governance process should be reviewed and modified over time to ensure its effectiveness, with reporting to the appropriate stakeholders.

Based on the study of the above noted principles, it was determined that the existing CBC Pension Plan Governance Framework was consistent with the Joint Task Force recommendations. However, on the advice of consultants, the Trustees decided to expand the definitions of responsibilities and accountabilities of the participants in the governance, management and operations of the Plan by creating and appending to the By-Laws of the CBC Pension Board of Trustees a CBC Pension Plan Responsibility Chart. Further, the Trustees initiated a governance self-assessment exercise using the Joint Task Force Pension Plan Governance Self Assessment Questionnaire.

Consistent with the Joint Task Force recommendation on accountability in this area, results of the self assessment are reported elsewhere in the Pension Plan Governance section of this annual report.

Board of Trustees Composition

The Trust Deed identifies that the Board of Trustees is comprised of seven individuals. Two Trustees are designated senior officers of the Corporation to include the Senior Vice-President, Resources who is responsible for finance, and the Vice-President, Human Resources. The five remaining Trustees must be appointed by the CBC Board of Directors of which two must hold office as Directors or be officers of the Corporation employed full time by the Corporation, and three are general appointments. Currently, the five appointed Trustees include two members of the CBC Board of Directors, and the three general appointments include two employees, as recommended by members of a committee for staff benefits, and the third is a retired member who is recommended by the Board of Directors of the National Pensioners Association.

Board of Trustees Committee

The Board of Trustees functions as a single general committee which addresses all subject matters, including benefits, investments and audit, as part of the operating agenda for the Trustees at their meetings.

Independence of the Board

The Board of Trustees is required to act independently not as representatives of any interest, whether CBC, active employees or pensioners. The Board of Trustees administers the pension plan and pension fund as a trustee for the employer, the members of the pension plan, former members, and any other persons entitled to pension benefits or refunds under the plan. The Board of Trustees meets with outside advisers on any issue which may require clarification or independent opinion in order to assist the Board in discharging it's responsibilities. The Board appoints and meets with external auditors to review their findings. The auditor's report is submitted to the Corporation in conjunction with the financial statements within 90 days following the close of each fiscal year of the Fund.

The Board also appoints actuaries in order to obtain an actuarial report on the financial condition of the Plan. A copy of the report, which must be prepared at least once every three years, is to be submitted to the Corporation within sixty days following receipt of same. The Board of Trustees must also submit a recommendation to the Corporation as to the action to be taken in respect of the results of the actuarial valuation. The Corporation is ultimately responsible for the decisions with regards to surplus utilization or the funding of deficits.

Effectiveness of the Board

In the oversight role Trustees should have the qualities necessary to oversee a complex financial business therefore prudence requires that a Trustee should have an understanding of financial markets, risk management and actuarial principles.

The Board of Trustees has a formal orientation program for new and existing Trustees to assist them in executing their fiduciary and governance duties. The program includes sessions on legal responsibilities, governance concepts and practices, investment management and finance, and, actuarial concepts and approaches. The education sessions and material are provided by external experts and staff specialists.

The Board of Trustees has Terms of Reference which clearly identify its role on an overall basis as well as its role related to investment, pension administration, audit and actuarial activities. The Board of Trustees has also issued to the CBC Board of Directors guidelines for the selection of Trustees which identify the attributes of a Trustee. These guidelines are intended to be used for the selection and appointment of Trustees as well as a review of the qualifications and effectiveness of Trustees on a continuing basis.

The CBC Pension Plan has in place standards of business conduct to govern the activities of Trustees and other individuals in discharging their duties to the Plan. The Code of Conduct Policy which includes conflict of interest, personal trading, confidentiality, business conduct, and gifts and other benefits, is supplemented by the CBC Pension Fund Code of Ethics and, Standards of Professional Conduct and Employee Personal Investment Guidelines which applies to designated investment professional employees of the organization only.

In 2000, the Board of Trustees met 6 times. Under the By-Laws of the Board of Trustees, the Trustees must meet a minimum of 4 times per year.

Role of Management

The Board of Trustees has defined management responsibilities for planning, operating and reporting activities of the Plan.

These responsibilities, which include the investment management of the fund, administration of the benefits associated to the Plan, human resources, communications, operations and control, have been delegated to the Managing Director/CEO, who reports to the Board of Trustees.

Subject to Board approval, management develops and implements all relevant policies including those in the areas of investment, communications, integrity and control, organization and compensation, and operations and administration. Subject to these policies, management develops and implements the investment program and develops and monitors service quality standards for the plan members.

Throughout the process, management ensures that the Plan is administered in compliance with the policies and ensures that all regulatory requirements are met.

MANAGEMENT PERFORMANCE

The CBC Pension Fund Statement of Investment Policy and Goals defines the investment policies, principles, and eligible investments which are appropriate to meet the objectives of the Plan. It takes into account all factors that may affect the funding and solvency of the Plan and its ability to meet its financial obligations. Operationally it defines the long-term asset mix targets and the permitted ranges around those targets.

Reviewed annually, the Statement of Investment Policy and Goals identifies that over the long term (e.g. 10-year period), the investment objective of the Fund is to consistently achieve time weighted average annual rates of return which exceed the increases in the consumer price index by a minimum of 3.75%. In addition, the policy identifies performance benchmarks for the individual portfolios and the total Fund. A competitive compensation policy for the investment professionals which was implemented in 1997, is directly related to the performance benchmarks in the Investment Policy. The remuneration therein provides a progressive base salary and a long term bonus program which is dependent on the over-achievement of the performance benchmarks over a four year period.

The guidelines for management of the pension benefit administration are contained in a policy entitled Pension Benefit Administration Standards. These performance standards ensure that payment of post employment benefits out of the Pension Fund are executed following efficient practices and processes to respond to client needs in a timely manner.

Management has provided assurance to the Trustees that the Plan was administered in compliance with applicable policies and that all regulatory requirements were met in 2000.

COMMUNICATIONS

The Board of Trustees is accountable and must provide disclosure on the Plan's activities to the CBC as Plan sponsor, as well as to both the active and retired members or their survivors.

The financial statements are submitted to the CBC following the close of the fiscal year. The annual report is distributed to all members as the formal communication on the activities of the Plan for the year.

Other communications issued during the year include the personalized employee benefit statement, which is a legal requirement, various communication bulletins on health care which are distributed to retired members or their survivors and miscellaneous announcements which are reported on the direct deposit notices.

Members are invited to communicate in writing, by fax, or on the internet. The addresses are provided on the last page of the annual report.

GOVERNANCE SELF-ASSESSMENT

Governance self-assessment leads to improved plan governance practices which in turn contributes to improved investment performance, efficient use of Plan personnel and reliable assurance to members that the Plan is able to pay current and future benefits. The following questionnaire was recommended by the Joint Task Force on Pension Plan Governance in December 1999.

Results of the CBC Pension Plan assessment were as follows:

PRINCIPAL 1: *Mission*

Does the pension Plan have a mission statement? Has it been communicated to Plan members?

The key elements of a mission statement including a profile of the Plan and the investment objectives of the Plan and the Fund Manager, are included in the CBC Pension Plan Annual Report and the Statement of Investment Policy and Goals.

PRINCIPLE 2: *Fiduciary Duty*

Does the Plan have articulated roles and responsibilities, and are there control mechanisms in place to protect the Plan, the governors and administrators from conflicts of interest, lack of understanding and dishonesty?

Roles and Responsibilities

The roles and responsibilities for the pension fund management and the Board of Trustees are contained within the By-laws of the CBC Pension Board of Trustees.

Conflict of Interest

The CBC Pension Plan has a Code of Conduct, a Code of Ethics, Standards of Professional Conduct and Employee Personal Investment Guidelines to protect all parties from conflicts of interest.

Lack of understanding

The plan has an Orientation and Continuing Education program for Trustees.

Dishonesty

The Code of Conduct, internal control processes and independent auditors contribute to the control of this unprincipled practice.

PRINCIPAL 3: *Responsibility*

1. *Have the parties for each of the following areas been clearly identified?*

   a) *Legislative compliance?*

   All parties are responsible and management is required to provide explicit assurance of legislative compliance to the Trustees.

   b) *Plan funding?*

   Plan funding is specifically addressed in the Trust Deed and the By-laws. The plan sponsor (CBC) is responsible for funding the Plan, remitting applicable employee and employer contributions and the policy on amortization of surplus. The Trustees are responsible for the actuarial method and assumptions used in determining the accrued pension benefits and actuarial value of net assets available for benefits.

   Management prepares short term cash flow forecasts while the Plan's actuaries prepare long term forecasts of assets and liabilities.

c) *Asset Management?*

Responsibilities for asset management are set out in the By-laws which include an appendix stipulating the roles and responsibilities of management and the Trustees. The Plan's Statement of Investment Policy and Goals is reviewed and approved annually by the Trustees as are the performance targets.

d) *Benefit administration?*

The Trustees have a contract with the CBC for the pension benefit administration activities which operates under a set of performance standards approved by the Trustees.

e) *Communication?*

Responsibility for communications is set out in the roles and responsibilities appendix to the By-laws. The Trustees also approve the annual report which is the formal communication on the activities of the Plan for the year.

2. *Are there clear written terms of references for each of the parties responsible for the functions listed under question 1?*

There are various documents for specific reference

- Trust Deed
- By-laws including the appendix on roles and responsibilities
- Pension Benefit Administration Standards
- Statement of Investment Policy and Goals.

3. *Are the names of governors and day-to-day administrators in charge disclosed to plan members?*

The names of the members of the Board of Trustees and staff are disclosed in the annual report.

PRINCIPAL 4: *Supervision*

1. *Are there clear and objective measures of performance of the following areas?*

a) *Legislative compliance?*

Management is required to provide assurance of compliance to the Trustees as well as an annual audit performed by external auditors.

b) *Plan funding?*

A formal actuarial valuation is performed at a minimum every three years. On a yearly basis the Plan's actuaries estimate the going concern liabilities and calculate the value of the assets for inclusion in the Plan's financial statements. Further, the Trustees have commissioned consultant studies such as the Asset/Liability Review to assist in the matching of benefits and assets.

c) *Asset Management?*

The annually reviewed and approved Statement of Investment Policy and Goals identifies the rules and ranges on asset mix and constraints on permitted investments as well as the benchmarks against which the performance of the various asset classes and the total fund are compared.

d) *Benefit Administration?*

The guidelines for management of the pension benefit administration are contained in a policy entitled Pension Benefit Administration Standards. Management provides assurance to the Trustees of compliance to these standards.

e) *Communication?*

The Trustees review and approve the Annual Report. The Trustees are made aware of the communication to the stakeholders such as the compulsory personalized employee benefit statement which are the responsibility of management.

2. *Is there a process in place to prepare regular reports to appropriate stakeholders and evaluate the attainment of performance in these areas?*

Management prepares a monthly statement of compliance to the Statement of Investment Policy and Goals. There is a weekly statement of changes to assets issued to the Trustees. Investment performance reports against the benchmarks are submitted to the Trustees on a monthly, quarterly basis which include year to date results.

The annual report, which is issued to all stakeholders, provides a review on the activities of the Plan for the year.

There are various presentations to stakeholder representatives during the year. This includes the CBC Board of Directors, Pensioner's Association and the Consultative Committee on Staff Benefits.

PRINCIPLE 5: *Governor's Qualifications*

1. *Does the plan have criteria and a process for selecting the plan governors?*

The selection of a Trustee is the responsibility of the Plan sponsor (CBC). Guidelines for the selection and appointment of a Trustee have been issued to the CBC Board of Directors by the Trustees. These guidelines identify the attributes of a Trustee and may be used to review the qualifications and effectiveness of Trustees on a continuing basis.

2. *Are the individuals responsible for the governance of the plan provided with training and orientation to fulfill their responsibilities?*

The Board of Trustees has a formal orientation program for new and existing Trustees to assist them in executing their fiduciary and governance responsibilities. This program is augmented by a continuing education program with presentations at regular Trustee meetings and a full day session once a year.

PRINCIPLE 6: *Governance Self Assessment*

Are there processes and criteria in place to allow the individuals responsible for the governance of the Plan to assess the effectiveness of the plan's governance and the individuals involved in it on a regular basis?

There is an annual review of the Managing Director/CEO's objectives and performance. The Trustee's, with the assistance of external consultants, have also performed a Governance review and self examination of their role as Trustees. Continuing with the ongoing commitment towards excellence in the governance of the Plan, the Trustees have implemented the Joint Task Force on Pension Plan Governance's self-assessment and reports on the results to their constituents.

Management Discussion and Analysis

The Management Discussion and Analysis section of the annual report elaborates on the information contained in the audited financial statements. This section assists the readers in gaining an appreciation of the Plan's financial position and performance over the past year as well as some brief insight on the year to come.

Plan Objective

The Plan is required to provide defined benefits for its members in accordance with the Trust Deed and other documents from time to time describing the Plan. The Plan's assets are managed within a moderate level of risk to provide a rate of return sufficient to offset liabilities and attempt to avoid increases in contribution rates.

The investment policy is expressed in a document entitled CBC Pension Fund Statement of Investment Policy and Goals. This policy is reviewed and approved annually by the Board of Trustees as required by the Office of the Superintendent of Financial Institutions.

Investment Constraints

In accordance with the Pension Benefits Standards Act, (the "Act") the Trustees and management must exercise the care, diligence and skills in the administration and investment of the pension fund that a person of ordinary prudence would exercise in dealing with the property of another. The assets must be invested in a prudent manner taking into account all factors that may affect the funding and solvency of the Plan.

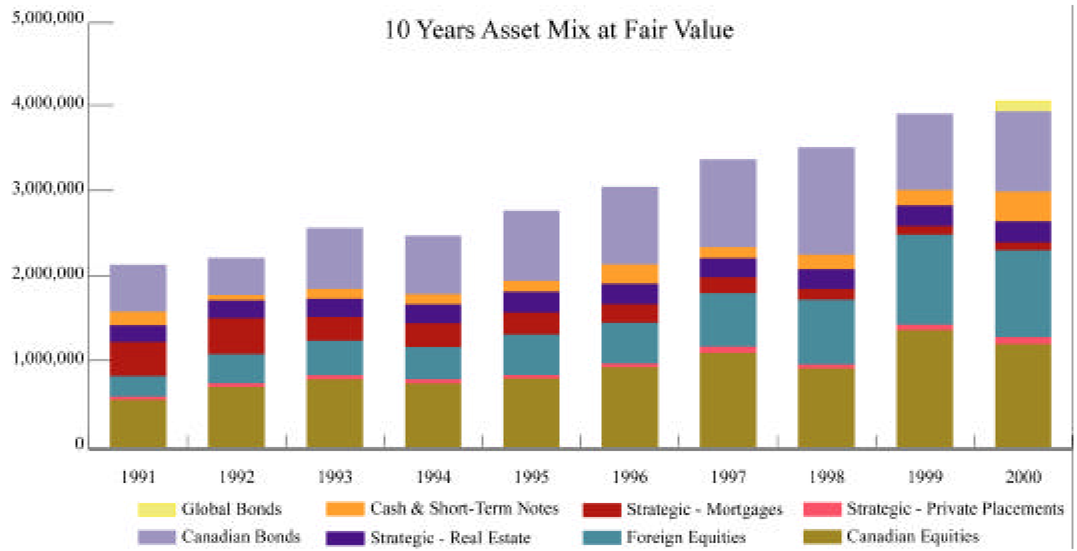
Under other sections of regulations to the Act, the Fund cannot directly or indirectly lend or invest moneys equal to or more than 10% of the total book value of the assets in any one investment. Further, except as permitted in subsection 11(2) of the regulations, the Fund cannot own more than 30% of the voting shares of any one corporation.

Permitted investments and restrictions thereon which are appropriate to the needs and objectives of the Plan and the Fund are identified in the Statement of Investment Policy and Goals.

Investment Objective

The investment objective of the Fund over the long term (e.g. 10 year period) is to consistently achieve time weighted average annual rates of return which exceed the increases in the consumer price index by a minimum of 3.75%. Over the past four years the rate of return averaged 11.7%, and over the past 10 years 11.2%. After allowing for inflation during these periods, the real rate of return was 9.8% and 9.3% respectively.

The Fund Manager's objective is to generate net returns that equal the annual average increase in a benchmark portfolio plus 50 basis points (0.5%) on a four year moving average basis. The benchmark return is calculated by combining the return of the asset class benchmark indices in the proportion in which they are represented in the Fund's asset mix. For the year ended 2000, the net return exceeded the benchmark portfolio by 190 basis points. On a four year moving average the net return exceeded the benchmark by 30 basis points.



ASSET MIX

For 2000, the long term asset mix of the Fund, as defined in the Statement of Investment Policy and Goals, was 58% equities, 31% fixed income and 11% strategic which includes property and private placements. The objective of the long term asset mix, which was determined through a study undertaken in 1998 by the Fund's actuaries, is to ensure that the Fund's assets will offset the obligations for accrued pension benefits without incurring an increase in employee or employer contributions. There are lower and upper limits to the percentages which allow management the ability to take advantage of market directions and therefore enhance the performance of the Fund. As at December 31, 2000, the asset mix was 54.3% equities, 35.1% fixed income and 10.6% strategic. In 2001, the targeted long term asset mix of the Fund remains unchanged from the year 2000.

INVESTMENT MANAGEMENT APPROACH

The Fund is actively managed by a relatively small group consisting of the Managing Director/CEO, the Treasurer, four internal portfolio managers and five external investment managers. The Managing Director/CEO provides the general direction on asset mix objectives which is in response to current market conditions and economic forecasts. Internally the portfolio managers and the Treasurer are responsible for the individual buy or sell decisions within their respective portfolios as are the external managers within their mandates. The internal professionals, with the aid of three portfolio assistants, do their research in house by using a network of investment brokers, industry publications, company site visits etc.

It is anticipated that investment decisions will add extra value to the Fund. In 2000 pension payments were 7.9 times greater than contributions. Looking forward, employee contributions have been permanently reduced by 17.2% and the employer will take a 100% contribution rate reduction until December 31, 2002. The Plan continues to rely on investment income to pay current and future pension benefits.

RISK MANAGEMENT

The Statement of Investment Policy and Goals defines the investment policies, principles and eligible investments which are appropriate to the needs and objectives of the Plan including the long term asset mix, which identifies the target percentage of asset categories to be held by the fund. Each type of asset has different levels of risks associated to it (i.e. equities are higher risk than government bonds, etc.). The asset model utilized by the Fund is considered moderate in risk, however, it is deemed to be the most appropriate in addressing future liabilities of the Plan. There are a number of risks associated to the Plan and these are identified in Note 3 to the Financial Statements.

Asset / Liability Matching

The Corporation guarantees pensions and other benefits payable under the terms of the CBC Pension Plan with the exception of the flexible pension provisions in Part III of the Plan. The most recent asset/liability study undertaken by the Plan's actuary concluded that the Plan was in very sound financial condition. The results of the triennial actuarial valuation as at December 31, 1999 confirmed that the Fund has a material surplus. The actuarially determined surpluses are amortized over a ten year period to provide an element of protection against the effects of market volatility on the Plan in future years. In 1998, at the request of the Board of Trustees, the actuaries performed an asset mix review in order to determine risk tolerances to achieve moderately higher returns while maintaining adequate assets to offset the obligations for accrued pension benefits and not incurring an increase in employee or employer contributions. Based upon this review and recommendations from the actuary, the Board of Trustees approved and initiated a progressive three year program to change the long term asset mix of the Fund. The year 2000 was the final year of transition and based upon the Fund's performance over the past three years, the program has proven to be very positive. A review of the portfolio structure within the asset classes was initiated to determine if the existing structure was optimal to achieve the Fund Manager's investment objectives. The conclusions from the study revealed that some modifications could enhance the ability to achieve the objectives and contribute to risk management. A plan was developed and partially implemented in 2000 with the majority of the activity to take place in 2001 and 2002.

The difference in the long term performance between investment funds is primarily determined by risk differences in the asset mix. Therefore, diversification across various asset classes is an important management tool used in reducing volatility and risk.

The Fund's objective is to select eligible investments that produce acceptable rates of return to meet the future obligations of the Plan. If the Fund's investment portfolio was risk free, the rates of return would be low and stable and would require higher contributions in the future. If the Fund's investment portfolio was aggressive, the rates of return would be potentially higher but the results would be more volatile due to higher risk; however, the contributions may be lower if high returns are earned or the contributions could be much higher if there was a major long term correction in the market.

Interest Rate Volatility

The Plan's liabilities are sensitive to changes in the long term rates on asset return, salary escalation and inflation. Note 3d(i) indicates that if our assumed real long term rate of return, which is used in actuarial valuations, were to decrease from the existing 6.75% to 5.75% the pension liabilities would increase by approximately $403.0 million. This increase in liabilities relates directly to the long term effect of lower earnings. Declining real rates of return over a prolonged period could cause an increase to contribution rates in order to meet the Plan's liabilities.

Financial Market Volatility

The Fund's total investments at December 31, 2000, were $4.053 billion at fair value. Of this total, $2.201 billion was in equities. This substantial amount exposes the Fund to domestic and foreign market volatility. Historically, equities have a negative return about once every five years, however, their long-term performance expectations outweighs the risks of short-term cyclical volatility. A further influence on market volatility risk is that our direct investments in foreign markets were limited in 2000 to 25% of the book value of the Fund. As at December 31, 2000, the Fund's direct foreign investments equalled 23.0% of the Fund's total assets at book value. The Fund also invests in index futures units which are considered Canadian content however the objective of the units is to replicate the rates of return of foreign indices. When these units are taken into account, the Fund's total foreign exposure is 29.5% of the Fund's total assets at book value. When the Fund operates within the 25% limit it means that 75% of the total Fund must be invested in domestic markets and these domestic markets account for only 3% of the total world markets. Therefore, if a major long-term correction takes place in Canada, the Fund runs the risk of a sustained decrease in relative performance, which could cause an increase in contribution rates.

In 2001, the Federal Government's foreign investment rule will change to 30%. The Fund will reexamine its foreign investment strategies to determine the optimal direct and indirect exposure level. Further, the Fund's foreign exposure and performance benchmarks will be on an unhedged basis.

Liquidity Risk

Liquidity risk refers to the cash available for new investments net of pension payments and operating costs. In 2000, total benefit payments from the main plan, contribution and interest refunds, and administration costs of $318.2 million were partially offset by contributions to the main plan of $20.0 million. The cash flow requirement for the balance of benefit payments and new investments was generated through investment income of $130.9 million and net realized gains on the sale of investments of $443.0 million.

In 1997, the Board of Trustees recommended to and the CBC Board of Directors accepted that actuarially determined surpluses be amortized over a 10 year period. An actuarial valuation as at December 31, 1999 determined that the Plan had a surplus of $616.2 million. Subsequently the CBC Board of Directors decided to refund a portion of historical employee and retiree contributions, and permanently reduce the employee contribution rate by 17.2%. Further, the CBC will have a 100% contribution rate reduction applied from January 1, 2000 to December 31, 2002. These reductions in contributions and an anticipated expansion in the number of pensioners and benefit payments increases the liquidity risk of the Fund. Management has taken action to address the major cash demand and the liquidity risk by adjusting short-term targets for cash and short-term notes. The target adjustments will ensure that adequate cash is available to meet the outflows associated with benefits as well as management of investment portfolios.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Every time the Fund makes an investment decision it is exposed to the risk that the security issue, be it a government or a corporation, may default on payments or becomes insolvent. The Fund's Statement of Investment Policies and Goals provides guidelines and restrictions for eligible investments taking into account credit ratings, maximum investment exposure and other controls in order to limit the impact of this risk. Note 3 d)(ii) provides more detail on this subject.

Foreign Currency and Exposure Risk

The Fund invests in non-Canadian equities, bonds and money market securities for which the fair value may fluctuate due to the economic and political environment of individual countries as well as the relative value of the Canadian dollar.

Occasionally, the Fund invests in forward currency agreements in order to reduce the foreign currency risk. With the exception of currency forwards contracts held as part of the Global Bonds portfolio, the forwards total market value in any one foreign currency never exceeds the total market value of the Fund's investments in the hedged foreign currency at the time the hedge was placed. As at December 31, 2000, the Fund had 34 forward currency agreement hedges in place with a net negative notional amount totalling $3.9 million and a net unrealized gain of $2.0 million. As at December 31, 1999, the Fund had one agreement with a notional amount totalling $43.0 million and a net unrealized loss of $1.8 million. In 2000, to avoid any tax penalty, the maximum value of direct foreign investments, as defined under the Income Tax Act of Canada, permitted in the Fund could not exceed 25% of the book value of all the Fund's assets.

In order to increase foreign exposure, the Fund invested in fully hedged index futures units which are considered Canadian content, however, the returns are based on the performance of the various indices related to the chosen markets. In 2001, the Fund will change to unhedged index futures units.

INVESTMENT PERFORMANCE

The Fund uses an external firm which specializes in providing performance measurement data for balanced portfolios.

The Fund's total rate of return in 2000 was 8.2% which was 1.6% lower than the median rate of return of 9.8% for balanced funds. In 1999, the Fund's total rate of return was 16.1% which was 4.8% higher than the median rate of return of 11.3% for balanced funds. After adjusting for the Consumer Price Index, the Fund's real rate of return for 2000 was 5.0% as compared to 13.4% in 1999.

Effective January 1, 2000, the benchmark for Canadian equities was changed by the Board of Trustees from the TSE 300 index to the TSE 300 Capped 10 index. This action was taken in order to address the "Nortel Networks" effect on the index. At it's peak Nortel Networks represented 34% of the TSE 300 index. The Trustees and management were of the opinion that it was not prudent to invest upto 34% of the Canadian equities portfolio in any one stock due to the significant impact a major decline would have on the Fund. The TSE 300 Capped 10 index is comprised of the same companies as the TSE 300, however, no single company can represent more than 10% of the total index. This risk management initiative proved to be very positive for the Fund. The TSE 300 index performance for the year was a return of 7.4% as compared to the TSE 300 Capped 10 index return of 19.0%. The Fund's total Canadian equities returned 23.1% for the year 2000.

The table provides a comparison of the one year rates of return for the individual asset categories. Reported are the asset weights and the actual returns by asset category compared to benchmark returns. In 2000 the total Fund return exceeded the benchmark portfolio by 1.9%. In 1999 the total Fund return exceeded the benchmark portfolio by 0.5%.

	2000			1999		
Asset Categories	**Categories as a % of Total Assets**	**Benchmark Return**	**Actual Return**	**Categories as a % of Total Assets**	**Benchmark Return**	**Actual Return**
Cash and Short-term Investments	8.7	5.5	6.4	4.6	4.7	5.4
Bonds - Canadian	23.2	10.3	10.1	23.0	(1.1)	(2.5)
- Global	3.2	5.8	6.3	-	-	-
Canadian Equities	29.3	19.0	23.1	34.7	31.7	35.9
Foreign Equities - U.S.	11.0	(6.3)	(6.6)	11.6	15.1	13.2
Non-North American Equities	11.9	(10.4)	(9.7)	14.0	22.2	26.9
Emerging Markets	2.1	(29.4)	(34.1)	1.6	57.0	53.2
Strategic	10.6	10.0	9.2	10.5	11.7	7.7
Total	100.0	6.3	8.2	100.0	15.6	16.1

ASSET REVIEW

The Economic Environment

The year 2000 started with an economic boom. Pent up North American corporate and consumer spending which had been on hold waiting for the possible Y2K melt down, pushed the first quarter economic activity upwards. Canada's economy was buoyed by strong energy prices, a weak currency, insatiable U.S. demand and a strengthening domestic consumer. Rising energy prices increased the industry revenues. A weaker currency (relative to the U.S. dollar) made many Canadian companies prime takeover targets resulting in cash infusions into the economy although eliminating many well-known Canadian players from the domestic market. U.S. demand although waning remained solid for our exports of machinery, equipment and autos. In addition, the Canadian consumer enjoyed rising incomes, declining unemployment levels and falling tax bills, factors that encouraged rising consumption.

Strong consumer confidence and robust spending propelled the U.S. economy during the start of the year. However as the economy became too strong and as inflationary pressures rose, the U.S. Federal Reserve continued its series of interest rate increases. In addition, rising energy prices and a deterioration in global capital spending began to slow down the U.S. economy. As economic indicators fell, the U.S. stock markets, which were based on an optimistic economic scenario, began their descent. Although the economic fundamentals remained solid such as low unemployment, above average productivity levels and moderating inflation, consumer confidence and the subsequent spending actions it emits began to weaken. By year-end these combined factors weakened the U.S. economy.

Internationally, economic performance lagged. Japan, the world's second largest economy, remained mired in economic weakness. During 2000, there were record bankruptcies. Unemployment remained high thereby stifling consumer spending activity. Falling equity markets and property prices hurt corporate balance sheets. Government debt, issued in an attempt to stimulate the economy, is at record levels. With limited domestic consumption, the Japanese economy depended heavily on export activity. While global growth was occurring, export demand was able to pull the Japanese economy along. By the third quarter, however, Japan's GDP (Gross Domestic Product) fell into negative territory as capital expenditures slowed.

The Euroland (the eleven nation members of the European economic union) economies suffered economic slowdown through much of the year. Rising interest rates, higher imported energy prices and a chronically weak Euro currency hurt these economies. Germany, the biggest member of the union, and Italy, suffered from weak business and consumer confidence. France on the other hand, experienced the cycle of strong consumer confidence, robust consumption, positive job creation and the resultant economic growth. Overall unemployment levels declined and industrial production, although wavering, slowly climbed higher. Tax reform was introduced in Germany, Italy and France which, when implemented, should be supportive of increased domestic activity.

The emerging markets economies tend to perform well during periods of global economic growth. Accordingly, during the first half of 2000, the economies of Mexico, Korea, Taiwan, China and some of the Eastern European countries benefited from a combination of rising energy prices, rising global capital spending, and an improving domestic sector. By the second half of 2000, the economies dependent on technology exports and those with the greatest trade connections to the U.S. all started to slow down.

Investment Strategy

The Fund's investment policy provides the latitude to vary the weighting of the assets within an operational range around the actuarially determined long-term asset mix target. In 2000, the long-term asset mix target changed to include a greater exposure to foreign markets including the introduction of global bonds as an eligible asset class. On a quarterly basis, the Fund reviews its asset mix, and based on forecasted returns can increase the weighting of the asset classes that are expected to perform well and reduce the exposure to those asset classes that are forecasted to underperform.

During the first half of 2000, as commodity prices rose and the outlook for Canadian companies improved, the investment strategy provided for a significant overweighting in Canadian equities and an underweighting of Canadian fixed income investments versus the target. By the third quarter as the global slowdown became more evident, the strategy shifted to an overweighting in cash and a policy weighting in Canadian and global bonds. For the international equity portfolios, given the increasing precariousness of the U.S. economy, the investment strategy moved from a policy weighting at the beginning of the year to an underweight position by year-end. The strategy held an overweight position in EAFE (Europe, Australia and the Far East) equity markets and gradually moved to an underweight position by year-end. The property portfolio was maintained at the new target level of 8%. As the year progressed, cash levels increased as the strategy took on a more defensive posture and in order to accommodate the Fund's liquidity requirements.

With gut wrenching volatility, world stock markets ended 2000 losing most of the gains achieved earlier in the year. In this environment, the asset mix position added 34 bps to the Fund's overall return. The total return (in Canadian dollars) of the TSE 300 cap 10 index was 19.0%, -6.3% for the S&P 500, -10.4% for the EAFE markets and -29.4% for the Emerging Markets, 10.3% and 5.5% for the Canadian bond and money markets respectively.

Cash and Short-Term Investments

The Fund invests in equities, bonds, property and private placements in a range according to the limits set within the Statement of Investment Policy and Goals. Further, the Fund is responsible for the cash demands relating to the benefit payments and administrative expenses of the Plan.

To accommodate the flexibility required to manage the cash demands, the Fund invests its cash in quality and highly liquid money market investments in order to maximize returns on total available funds.

Canadian short-term interest rates fluctuated in a narrow range throughout the year. The average yield for 91 day Treasury Bills for the month of December 1999 was 4.8% and 5.6% for December 2000 with a high of 5.7% in May and November and a low of 5.0% in January. The annualized return for these money market investments was 5.5% in 2000 as compared to 4.7% in 1999. The increase of 0.08% is commonly referred to as 8 basis point (bps). The average Canadian monthly Treasury Bill interest rates started the year 41 basis points lower than their U.S. counterparts and were on average 37 basis points lower through the year and finished the year 20 basis points lower than the U.S.

The Fund had on average approximately $227.4 million or 5.6% of assets in cash and short-term investments. Of this total, the average short-term investments were $219.4 million in Canadian denominated assets, and $8.0 million in U.S. denominated assets.

During the year, the Fund earned $14.2 million in interest on cash and short-term investments. The one year rate of return for 2000 was 6.4% which was 90 basis points above the benchmark return of 5.5%. Over a four year period the rate of return was 6.2%, which was 170 basis points over the benchmark return of 4.5%. At December 31, 2000, cash and short-term investments represented 8.7% of the Fund's investments at fair value. A portion of the cash was maintained for the payout of contribution refunds totalling $139.8 million in January and February 2001.

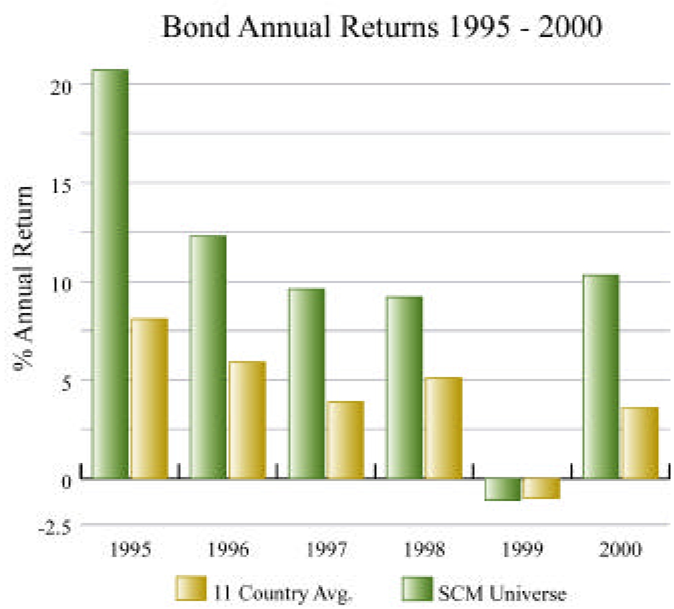
Bonds

The first half of the year 2000 was of considerable concern to fixed income investors as a 30-60 % probability of eroding real rates of return was the dominant forecast by many participants. Concern for the end of deflationary forces had fixed income markets discounting 100 basis points of Federal Reserve tightening. Initial fears by investors were confirmed when the Fed Funds rate was raised 50 basis points in first quarter 2000. This was essentially double the typical incremental move of 25 basis points. Second quarter data on economic growth, labour markets, wages and inflation continued to worry markets and reinforced an inflationary bias in investment activity. Indeed, money managers sensed the Federal Reserve was "behind the curve" and would have to raise rates dramatically to restore the "pillar of strength to global economies" moniker attached to the United States and Mr. Greenspan - Federal Reserve chairman in particular.

By mid third quarter 2000, market perception had reversed course on inflationary matters. Indications of a slowdown in both the United States economy and signs of a topping out of global expansion gave reason to believe that the Federal Reserve acumen was restored and administered rates would remain unchanged. Subsequently, investor sentiment turned to signs of United States economic and financial worries as the corporate sector no longer had access to an abundant supply of cheap financing to support capital spending. In addition, banks continued tightening their lending standards and boosting lending rates to curtail concern for loan losses. By year-end 2000, fixed income investors, while defensive in terms of strategy, began to anticipate lower administered rates as opposed to rate increases.

The Canadian investment climate tended to mirror the Untied States fixed income market. Bank of Canada activity was afforded more flexibility as the Canadian economy experienced less inflation and the benefits of fiscal prudence in previous years gave indications of tax cuts and reinforced a balanced budget outlook for the immediate future at the Federal level. The only negative was little improvement in the Canadian dollar, particularly since the Bank of Canada raised the Bank Rate 3 times in first half 2000 and fixed income spreads between Canada and the United States returned to a positive stance. Both actions should have benefited the Canadian dollar.

A negative outlook for interest rates in first quarter 2000 was overshadowed by surprise announcements in both Canada and the United States that authorities would "buyback" long dated government securities. This perception of a technical shortage of long term high quality securities served to limit the rise in long-term bond yields. While second quarter 2000 was of concern to many fixed income investors and showed little prospect for capital gain, second half 2000 tended to reward aggressive fixed income investors as the late year downturn in equity markets saw a "flight to quality" demand for bonds. As a result, as measured



by the SCM Universe Bond Index (Government of Canada, Provincials and Corporate bonds), bonds experienced an overall return of 10.3% versus -1.14% in 1999.

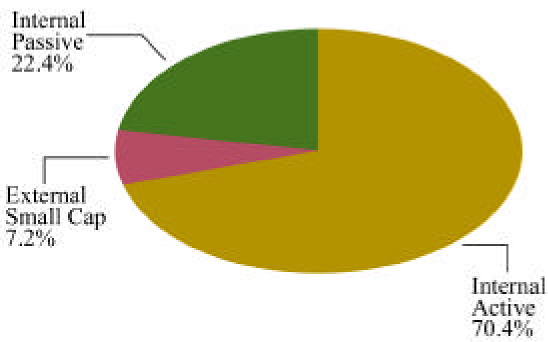
The internally managed Canadian bond portfolio return was 10.1% some 16 basis points below benchmark. This was attributable to surprise events described above and the maintenance of a defensive posture throughout the year. At December 31, 2000 Canadian bonds represented 23.2% of the Fund's investments at fair value.

In 2000, global bonds were introduced as an eligible asset class to provide diversification beyond equities in the Fund's increasing exposure to foreign markets. During the second half of 2000, the Fund initiated an investment in an externally managed global bond pooled fund. This portfolio gives the Fund exposure to the bonds of investment grade foreign governments and corporations. In spite of its short tenure with the Fund, this portfolio generated returns of 6.3% versus it's benchmark 5.8%. At December 31, 2000, global bonds represented 3.2% of the Fund's investments at fair value.

Canadian Equities

The Fund's Canadian Equities asset class has three components. An actively managed internal portfolio, a passive portfolio of index units which replicates the rates of return of the TSE 60 index and an active externally managed small capitalization portfolio. The following chart identifies the percentage distribution of Canadian equities by portfolio. At December 31, 2000, Canadian equities totalled $1,186.5 million which represents 29.3% of the Fund's investments at fair value.

Market Value of Canadian Equities
as at December 31, 2000
$1,186.5 million



The actively managed internal portion of Canadian Equities recorded another outstanding year of performance in 2000. The portfolio returned 30.8% in 2000, outperforming the TSE 300 Index by an amazing 2,342 basis points or 23.4% and the benchmark index (TSE 300 CAP 10 Index) by 1,179 basis points or 11.8%.

As shown in the following chart, volatility was the dominating theme in the Canadian market during 2000. Bullish technology investors driving up the price of technology shares to unforeseen levels dominated the first quarter of the year. By the fourth quarter, the market was driven by investor fears as the focus was on company valuations and profit growth with hints of a possible economic slowdown beginning to surface. Nortel Networks was no exception to the technology meltdown, dragging the TSE 300 Index from a high of 11389, to 8934 - up 7.4% on the year. The decline in heavily weighted Nortel Networks, which at it's peak represented 34% of the TSE 300 Index, overshadowed an excellent year for the majority of the Canadian market. The TSE 299 Index, which is the TSE 300 Index less Nortel Networks, was actually up 24% in the year 2000.

TSE 300 Index - 2000

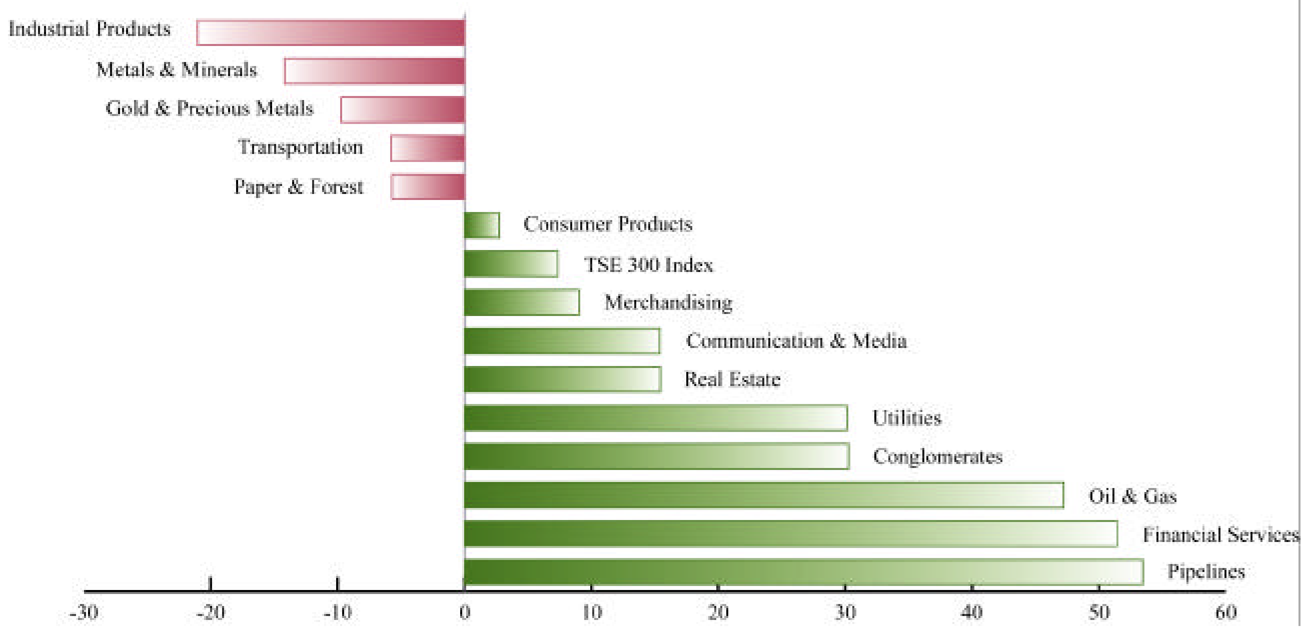
Eight of the fourteen sectors comprising the TSE 300 Index outperformed the index in 2000, led by the 'old economy' sectors. Leading the winners were the Pipelines sector with a total return of 53.4%, Financial Services up 51.5%, Oil and Gas up 47.2%, Conglomerates up 30.3% and Utilities up 30.1%. Leading the losers were the Industrial Products sector down 21.0%, Metals and Minerals down 14.7% and Gold and Precious Metals down 9.7%.

The chart on page 22 shows the 2000 total returns of the fourteen groups comprising TSE 300 Index.

Some of the major factors influencing the Canadian market in 2000 were:

- The collapse of Nortel Networks which dominates the TSE 300 Index.
- Strong energy prices with West Texas Intermediate (WTI) oil closing the year at $26.80 U.S./bbl and natural gas at $12.92 Cdn/mcf, up 480% on the year.

TSE 300 Index Group Returns - 2000



- Record takeover/merger activity and stock buy-backs. These include: Vivendi's takeover of Seagram Ltd., Billiton Plc's purchase of Rio Algom, Abitibi Consolidated's purchase of Donahue Inc., Alcatel Networks purchase of Newbridge Networks, and Smurfit-Stone Co's purchase of St. Laurent Paperboard. Consolidation was particularly active in the Oil and Gas sector with several large takeovers that included the acquisition of: Ranger Oil, Crestar Energy, Northrock Resources, Renaissance Energy, Ulster Pertroleum, and Newport Petroleum.

2000 was another challenging year for active portfolio management in Canada. Leadership in the market struggled between the high flying 'new economy' stocks and the traditional 'old economy' stocks, with the 'old economy' stocks proving to be the better investments. The superior performance of the actively managed portion of Canadian Equities can be attributed to the following:

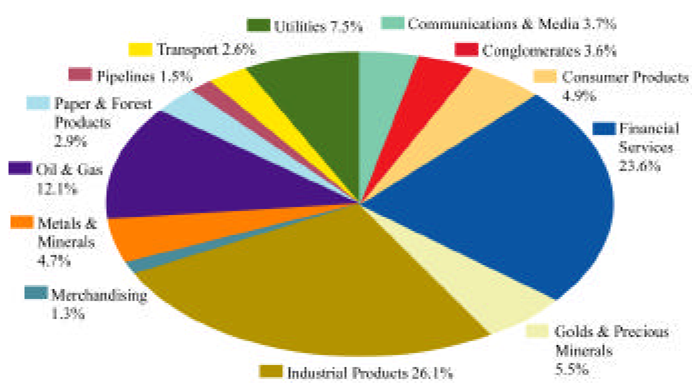
- Overweight positions in the Oil and Gas, Conglomerates and Financial Services sectors.

- Underweight positions in Industrial Products (particularly Nortel Networks) and Transportation and Environment sectors.

- Active takeover activity in the Canadian market which resulted in 10 of our holdings being acquired or pursued for significant premiums.

- Active management in the selection of specific securities within each sector. The portfolio outperformed in 11 of the 14 sectors of the market.

Actively Managed Internal Portfolio
Canadian Equities
Asset Mix (%)



The passive portfolio of TSE index related units provided a total return of 5.6% which was 183 basis points below the total return of 7.4% for the TSE 300.

The smaller cap stocks as a whole underperformed the TSE 300 index. However, as energy prices rose in 2000, oil and gas companies within the small cap universe did very well. Also the small cap universe benefited, unlike 1999, from not having any exposure to Nortel Networks. Again, like the previous year, the larger stocks within the universe of small cap stocks were stronger performers than the smaller sized companies. The Fund's externally managed portfolio, which was overweighted in the energy sector generated returns of 14.4% which outperformed it's benchmark return of 7.3% by 710 basis points.

Looking ahead to 2001, it is expected that the Canadian market will continue to be volatile as fears of a world-wide economic recession loom. We are however confident that specific sectors of the Canadian market still offer excellent value. The Oil and Gas sector will continue to report excellent earnings, the banks offer great value in a stabilizing interest rate environment, and the Metals and Minerals sector should benefit from improving supply and demand balances. With an 18.5% index weight, Nortel Networks will still heavily influence the TSE 300 Index and contribute to increased volatility.

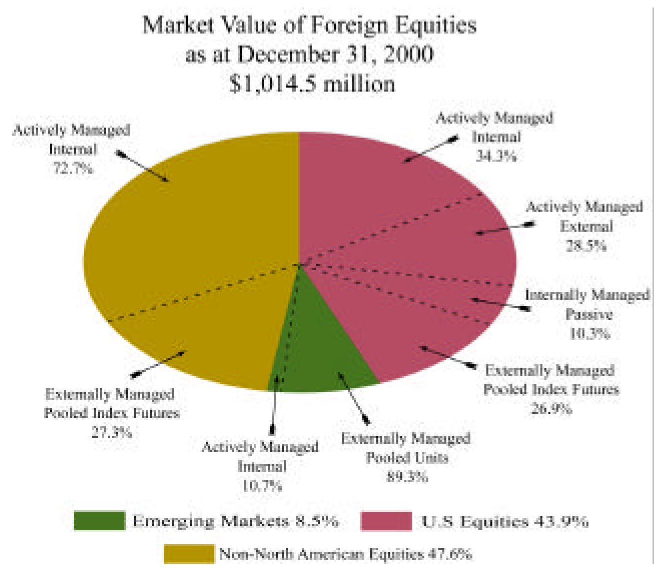
In light of the economic uncertainty going forward, the actively managed internal portion of Canadian Equities has been reconfigured to a more defensive position. The portfolio continues to be comprised of a well-diversified group of stocks across all sectors of the Canadian market representing excellent long-term value.

In 2000, the one year rate of return in total Canadian equities was 23.1% which was 410 basis points greater than the benchmark TSE Capped 10 benchmark return of 19.0%. It should be noted that the Fund's total return was 1,570 basis points higher than the TSE 300 index return of 7.4% for the year. Over a four year period the rate of return was 14.5% which was 200 basis points higher than the TSE 300 index return of 12.5%. As at December 31, 2000, the total Canadian equities represented 29.3% of the total Fund's investments at fair value.

Foreign Equities

The Fund's Foreign Equities asset class is broken down into three components:

- U.S. equities which include an actively managed internal portfolio, an actively managed external S&P500 enhanced index portfolio and, externally managed pooled index futures.
- Non-north American equities which include an actively managed internal portfolio and externally managed pooled index futures.
- Emerging Markets equities which are primarily externally managed pooled units and a small portion within an actively managed internal portfolio.



U.S. Equities

The year 2000 was a particularly difficult year for investors in U.S. equity markets with negative returns in all the major indices. The year started on a high note as many of the fears surrounding Y2K failed to materialize and widespread relief was evident around the world. However, two negative themes emerged later in the year which dominated the U.S. economy and as such, U.S. investment returns:

- The first was the rise and fall of the high tech industry. In early 2000, there was seemingly unbridled optimism in the "internet business model" and various "dot-com" enterprises came to the market at ever-increasing multiples. This frenzy of technology stock buying carried the NASDAQ market up to 5000 in early 2000 and fueled an unprecedented boom in large parts of the United States including California and the North East. However, by late spring, questions began to emerge about the viability of many of the newest high-flyers. There was evidence that capital spending on technology in 2000 would be unable to match the frenzied levels of 1999. These factors led to a sell-off in the high-tech sector which began in March and became the dominant story of the NASDAQ in 2000. This boom and bust in a major sector of the U.S. economy had a pervasive effect on overall economic activity.

- The second economic theme concerned mounting evidence in the fall of the year that the U.S. economy was slowing from the unprecedented pace of late 1998 and 1999. Although the slowdown was at first expected to be minor and confined to the manufacturing sector, economic releases in November and December indicated that an actual recession in early 2001 could not be discounted. In part, the slowdown was a result of the U.S. Federal Reserve's decision to continue to raise interest rates in the first half of the year. It is likely this may have unwittingly contributed to a sharper than expected decline in U.S. economic activity. In addition, rising oil prices acted as a restraint on both consumer and corporated spending. Another negative influence in late 2000 was the presidential election debacle as events in Florida dominated headlines for week after week. Overall, higher interest rates, oil price-inflation, political uncertainty and talk of a recession in 2001 were all factors causing U.S. consumers, the main drivers of the U.S. economy, to reduce their spending in the later part of the year. Christmas spending in 2000 was at its lowest in 6 years. As such, by year end it was apparent that the U.S. economy was deteriorating rapidly and investors began to focus on the length and severity of the slowdown and its likely impact on corporate earnings.

Investment returns in 2000 largely mirrored the themes outlined above. Positive returns in the first half were eliminated in the second half of the year. Investor focus on slower corporate earnings growth in late 2000 and early 2001 combined with the bursting of the NASDAQ bubble resulted in negative returns across the major markets. The only beneficiaries of this market environment were bond investors and other interest sensitive groups who saw sharp gains in their asset classes as the economy slowed and forecasts of lower interest rates in the future made these investments attractive.

The actively managed internal portfolio focuses primarily on three broad industry groups: pharmaceuticals, financials and technology. By recognizing the increased risk profile of the markets in the middle of the year and after a very strong first half, a passive strategy was adopted for the rest of the year in order to retain relative outperformance. This strategy turned out to be very successful and avoided the sharp sell-off in technology stocks in the fall of 2000. For the year, the S&P 500 fell 5.7% in Canadian dollar terms and the NASDAQ declined 36.8%. Over a one year period, the actively managed internal portfolio rate of return was -3.1% which was 260 basis points better than the -5.7% benchmark return. Over a four year period this portfolio’s return was 19.1% as compared to the benchmark’s 19.9%.

The uncertainty evident in the equity markets as the year closed will continue in 2001. Although the Federal Reserve has indicated its willingness to reduce interest rates rapidly if necessary, it is still unclear how long and how sharp the current slowdown in the U.S. economy will be. The correction in technology stocks is largely complete. It is anticipated that exposure in technology combined with the defensive nature of the internal portfolio’s health care and financial holdings will serve the Fund well in 2001. As such, the active strategy was resumed with a focus on these three sectors.

The actively managed external S&P 500 enhanced index portfolio consists of approximately 350 U.S. stocks and attempts to generate slightly higher returns while maintaining risk statistics that are similar to that of the S&P 500 index. In 2000, this portfolio maintained its index-like risk characteristics but the style was unable to add value in the volatile technology sector. This portfolio underperformed the S&P 500 index by 1.7%. The final component of the U.S. equities is the externally managed pooled index futures units which provides exposure to the S&P 500 index hedged into Canadian dollars. This derivative based investment provided the Fund with a slightly lower return than the index it was replicating.

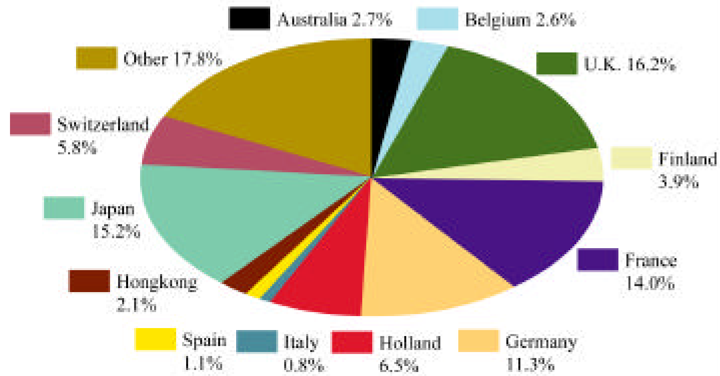
For the year 2000, the total U.S. equities one year rate of return was -6.6% which was 30 basis points lower than the benchmark S&P 500 Index return in Canadian dollars (80% unhedged, 20% hedged). At December 31, 2000, the U.S. equities represented 11.0% of the Fund's investments at fair value.

Non-North American Equities

Non-North American markets struggled for much of the year 2000 with most major markets generating negative returns. European equities relatively outperformed their Asian counterparts. As such, 2000 was a year when country selection was very important. Furthermore, stock selection was particularly difficult as sector rotation was fierce. Many of the growth sectors such as telecommunications and financials, which had performed strongly for many years, suffered from rising interest rates and a collapse of the U.S. technology market.

This weak U.S. market, a declining Euro throughout the year and the failure of corporate re-organizations to improve company earnings all weighed on European equities. The continued sell-off of the Euro reduced returns sharply for international investors. It also exacerbated the impact of rising oil prices on the European economies and likely forced the European Central Bank to keep interest rates artificially high. Overall, most European equity markets produced negative returns for Canadian investors.

Non-North American Equities
Actively Managed Internal Portfolio
International Mix (%)



The pattern of returns for European investors during the year matched that of the U.S. with rising markets in the first half overcome by declines in the second half of the year. However, in contrast to the U.S., European equity investors and consumers were more positive at year-end due to a number of factors:

- Governments across Europe enacted tax changes which should help their economies in 2001.
- A number of French and German companies moved forward with corporate reorganizations which should improve shareholder value.
- It is widely expected that the Euro will reverse its two-year decline and add to investor returns in 2001.

The Japanese market was the worst performing major market in 2000. False hopes for reform and real economic growth that were raised in the end of 1999 were dashed in 2000. As expected, massive increases in public spending were insufficient to offset the major underlying structural problems in the Japanese economy. Furthermore, it became obvious during the year that the weakness of the central political parties would make meaningful reform impossible. For the year, the Nikkei fell 34.4% (Cdn $).

The internally managed portfolio was able to overcome these difficulties and outperform its benchmark by underweighting the Japanese markets due to pessimism about the possibilities for reform and overweighing certain European countries where the prospect for fiscal reforms was brighter. Selected country index returns and the portfolio's performances and weightings in those countries are outlined in the table below.

In 2000, the externally managed pooled index futures component which provides exposure to the EAFE index hedged into Canadian dollars provided the Fund with a slightly lower return than the index it was replicating.

For the year 2000, the total Non-North American equities one year rate of return was -9.7% which was 70 basis points better than the benchmark return of EAFE Index return in Canadian dollars. Over a four year period, the actively managed internal portfolio rate of return was 16.7% which was 680 basis points higher than the index return of 9.9%. At December 31, 2000 Non-North American equities represented 11.9% of the Fund’s investments at fair value.

	Index Returns	CBC Returns	% of EAFE Portfolio
UK	-14.0%	-15.1%	19.4%
France	-3.6%	-3.0%	17.1%
Germany	-10.4%	-20.7%	13.8%
Finland	-13.4%	16.2%	4.8%
Japan	-32.4%	-19.8%	18.4%

Emerging Markets

The Emerging Markets are the stock markets of low/middle income developing countries with annual per capital GNP of less than U.S. $9,000. Their populace represents 85% of the world's population but only 45% of world GDP. With this type of disequilibrium, the impetus to improve standards of living, accelerate economic growth and introduce market-oriented reform is anticipated to mean higher earnings and stronger stock markets. Although these markets are more volatile, they have the potential to add significant return. This asset class recognizes the Fund's good financial health and it’s ability to take on additional risk. In 2000, the Fund's long-term asset mix target for the Emerging Markets increased from 1% to a 3% of the total Fund. Early in the year, once it became clear that there would be no major Y2K issues for these markets, the Fund increased its exposure by purchasing additional pooled units of an externally managed Emerging Market portfolio. These markets were brutally punished in 2000 as the U.S. slowdown became more evident. Besides lower revenue expectations, these markets faced increased risk aversion by investors. This portfolio generated a return in Canadian dollars of -34.1% versus the MSCI Emerging Market index of -29.4%. At December 31, 2000, the Emerging Market portfolio represented 2.1% of the Fund’s investments at fair value.

Strategic

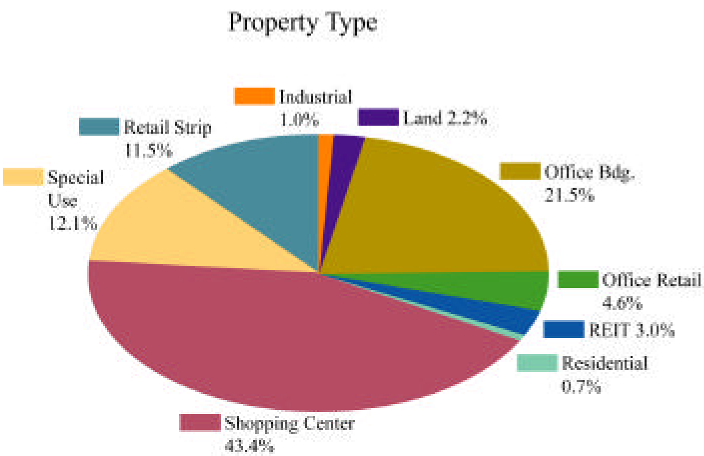
There are two components to the Fund’s strategic investments. Property, which includes real estate and mortgages, and private placements.

Property

In most Canadian cities, real estate fundamentals were stronger than a decade ago. Demand suffered from a shortage of space. Class A net rents across Canada increased between 10 and 20%. Most new projects proposed or under development were close to 75% pre-leased. Investment activity came from small and mid-sized fund advisors, private investors, and some foreign capital. Transactions completed in 2000 by vendors tended to be portfolio re-balancing due to increased focus on base businesses.

The real estate portfolio, while maintaining a fully invested position, used improving fundamentals to eliminate non-strategic properties and re-employed funds towards core holdings in Montreal.

The composition of the Fund's real estate equity holdings is highlighted in the following chart.



Mortgages

Mortgage underwriting quality improved throughout year 2000 as underlying real estate fundamentals continued to impress the marketplace. This sector of the fixed income market offered very attractive coupons in the range of 7.75% and 8.00% approximately 175 - 200 basis points over bonds for most of the year. In addition this sector established a two-tier presence as institutional lenders were quick to bid on Class A - large size loans and somewhat reluctant to address small size loans usually associated with Class B and C product in secondary markets.

The mortgage portfolio maintained a fully invested position throughout the year. Mortgages maturing in 2000 were re-invested in real estate equity investments offering cash on cash yields higher than mortgage rates.

In 2000, the total property portfolio one year rate of return was 6.7% versus the benchmark 6.6%.

Private Placements

Private placements are primarily non-publicly traded equity and debt instruments. These investments are anticipated to provide higher than average investment returns in order to compensate the Fund for their higher risk profile and lower market trading ability. To reduce these risks, this area is invested in many small companies operating in varying stages of development, involved in various industries. Recent acquisitions have included exposure to new internet technologies and a new airline. In 2000, this more volatile portfolio generated returns of 18.9%.

Change in Net Assets Available for Benefits

The Fund's net assets available for benefits increased $14.0 million from $3,905.0 million at December 31, 1999 to $3,919.0 million at December 31, 2000. Over the same period, the cost of net assets increased $273.8 million from $3,388.6 million to $3,662.4 million.

Total investment income of $130.9 million, which includes interest and dividends earned during the year as well as income from real estate properties net of operating and interest expenses, increased by $2.8 million when compared to the previous year. This increase was due primarily to increased interest on cash and short term notes partially offset by decreases in bond interest and dividends.

Total contributions of $21.0 million reflect an increase of $0.4 million when compared to the previous year's total of $20.6 million. Based upon the results of the actuarial valuation as at December 31, 1999, which reported that the Plan had excess funding of $616.2 million, the CBC decided that it's employer contributions for the years 2000 to 2002 would be covered by the funding excess and that normal employee contributions would be reduced by 17.2% from January 1, 2000 onwards. Comparative figures for 1999 reflect the results of actions taken subsequent to the December 31, 1996 actuarial valuation whereby the employer and employee contribution rates had been reduced by approximately 50% for 1998 and 1999 as partial utilization of the then existing $234 million surplus. The $0.3 million of reported employer contributions for 2000 relates to final adjustments for the year 1999. Further, the employer contributions for 1999 reflect the above noted reduction applied to a 15 month base in order to make up the total dollar value for reductions attributed to the period January to March 1998 for which the CBC had previously submitted at the 100% rate. In 2000, the number of contributors decreased from 7,372 as at December 31, 1999 to 7,060 at the end of December 2000. In total, employee contributions to the main plan increased $7.1 million primarily in current service costs. Employee contributions to the flexible pension provision of the plan, which started in July 1998, totaled $1.0 million in 2000 as compared to $1.2 million for the previous year.

Expenditures out of the Fund totalling $318.4 million reflect an increase of $142.2 million when compared to the previous year's total of $176.2 million. Of this total increase, $139.8 million relates to contributions and interest refund, $1.8 million to administrative expenses and $0.6 million to benefit payments.

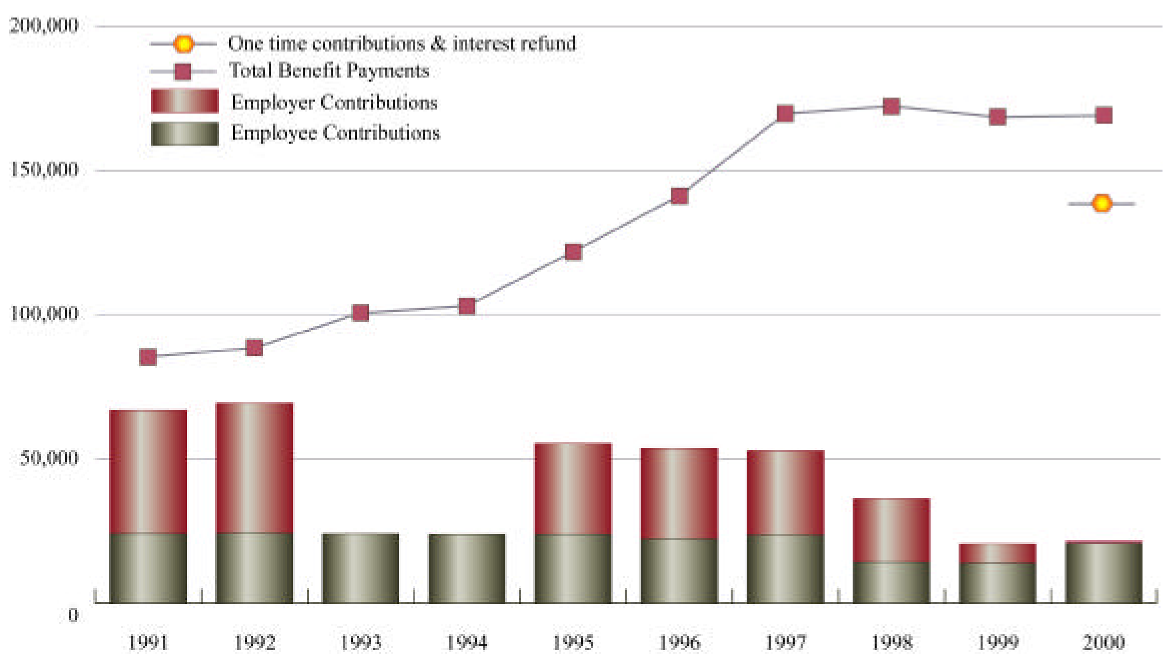
Benefits

The plan paid $169.3 million in benefits during 2000, an increase of $0.6 million when compared to the $168.7 million in 1999. Pension payments decreased by $2.2 million due primarily to a $500.00 lump sum which was paid in 1999 and not paid in 2000. This was partially offset by an increase of 190 in the number of pensions being paid and a 1.42% cost of living adjustment effective January 1, 2000. The plan requires an averaging method for calculating the inflation adjustment rates for pensions which is different than the year-over-year rate of inflation. Transfers of contributions and refunds increased $2.6 million due to an increase in the number of member separations from the Corporation due to a voluntary retirement incentive program and a workforce adjustment.

Administrative Expenses

In accordance with the Trust Deed, the total operating expenses relating to the Fund and pension benefit administration are to be paid out of the Fund.

Contributions vs Benefit Payments



Administrative expenses for 2000 totalled $9.3 million, an increase of $1.8 million over the previous year. The increase related primarily to external investment management fees which increased $1.1 million due to an increase in external mandates and to the Pension Benefit Administration's special project on the contribution and interest refunds which totalled $0.4 million.

In 2000, the total unit expenses for the Fund management was 16.4 cents per $100 of average assets under management. When the total administrative expenses for the Plan is included, the overall unit costs for the administration of the Fund was 22.9 cents per $100 of average assets. These unit costs continue to be amongst the lowest in the industry. Based upon a 1999 industry survey on total plan costs for plans with assets greater than $1.0 billion, the total median costs of expense categories similar to that incurred by the CBC Pension Plan was 26.5 cents per $100 of average assets under management.

The approved budget for 2001 includes an increase of 4.3% at the operating level. This increase relates primarily to external management fees associated to the expansion of external asset management mandates. This action is the result of a portfolio structure review which was undertaken to determine whether there is sufficient style and risk diversification within the portfolios to support the Fund in meeting its investment objective. As a result of the noted initiatives much of the activity will centre on making the required operational changes and the development of controls and practices associated to these changes.

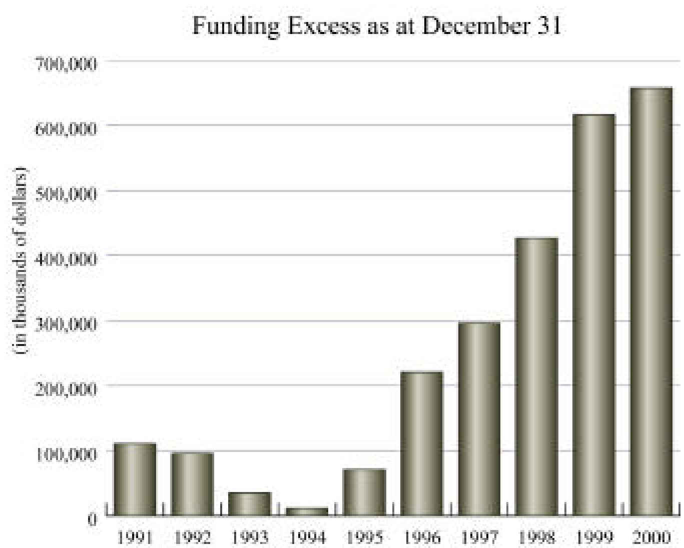
Further, management will review the results of a risk management assessment in order to plan and implement practices to ensure that key operational and financial risks are effectively managed.

Accrued Pension Benefits

The Fund's assets are managed to provide a rate of return sufficient to offset the liabilities and attempt to avoid increases in contribution rates. Further, higher returns contribute to the funding excess or surplus as determined through an actuarial valuation.

A formal actuarial valuation is prepared by the Plan's actuaries, a minimum of every three years, the latest of which was at December 31, 1999. This valuation determines the accrued pension benefits and an actuarial value of net assets available for benefits. If the results of the valuation indicate that the net assets available for benefits are greater than the accrued benefits, the Plan has a funding excess or surplus. The opposite results in the Plan having a funding deficiency or deficit. The results from the valuation are used in determining the contribution rates required to offset the future liabilities. At the end of each year in preparing our financial statements, the actuary uses the result of the formal valuation and for those years where a formal valuation is not performed, the actuary extrapolates from the results of the previous formal valuation using the projected benefit method prorated on service and management's best estimate of expected economic trends. The results from these valuations are reported in the financial statements.

As at December 31, 2000, the accrued pension benefits were $2,878.3 million, an increase of $57.1 million from the previous year's total of $2,821.2 million. Over the same period, the actuarial value of net assets available for benefits increased $98.0 million from $3,437.3 million to $3,535.3 million. The net result was an increase of $40.8 million to the funding excess at the end of 2000.



BENEFIT ADMINISTRATION

The Board of Trustees is responsible for the administration of the Plan which includes the payment of post employment benefits out of the Pension Fund to those who have retired or resigned, and to survivors of those whose death occurred in service or after retirement. The activities associated to discharging this and other pension related responsibilities have been delegated to the Benefit Administration Department.

Performance standards for the pension benefit administration area address the practices and processes required to execute, in a timely and efficient manner, the major responsibility noted above as well as other varied functions in pension related activities such as:

- calculations in connection with the purchase of previous service;
- the transfer of pension entitlements under the terms of reciprocal transfer agreements;
- coordinating the division of pension credits on marriage breakdown;
- gathering and verifying declarations by active pensioners or their power of attorney;
- determination of spousal and/or children's insurance benefits;
- processing pension benefit adjustments related to indexation, ad hoc adjustments, retroactive salary adjustments, garnishments, etc.

On July 1, 1998, the CBC Pension Plan was amended to incorporate an additional contributory component providing employees with the flexibility to improve the provisions determining the calculation of their benefit through tax-deductible contributions. This modification, which does not entail additional costs to the Plan, is commonly known as FlexPen.

The major amendment of the Plan introduced in 2000 related to a 17.2% refund of historical contributions and related interest to employees and retirees. The department focused it's efforts on this special project through the last half of the year 2000. Additional staff consulting fees, mailing costs and other related expenses totalled $0.4 million.

The following Table indicates the increasing number of persons to whom pensions are paid from the Pension Fund, and also the number of contribution refunds and pension benefit transfers paid during the year.

Year Ending December 31	**2000**	**1999**	**1998**	**1997**	**1996**
Total number of persons (or estates) to whom contribution refunds and pension benefit transfers were paid during the year	285	215	354	474	290
The number of pensions transferred to other plans (Reciprocal transfers)	13	5	9	5	1
Pension benefit credits transferred to former spouses (active employees)	9	8	11	2	1
PENSIONS BEING PAID:					
Pension being paid to ex-employees (Normal - age 65 or over)	718	734	768	813	824
To ex-employees (Early - before age 65)	5,580	5,433	5,476	5,311	4,544
To ex-employees (Disability)	28	29	33	34	36
To spouses of deceased employees and pensioners	1,265	1,218	1,171	1,117	1,045
To former spouses due to division of pension credits	38	33	24	21	17
To children of deceased employees and pensioners	68	60	38	47	79
Total pensions being paid	**7,697**	**7,507**	**7,510**	**7,343**	**6,545**

Historically, the Plan's annual report provided supplementary information which was comprised of the names of individuals whose pensions commenced in the year of the report. However, in compliance with the new Federal Personal Information Protection and Electronic Documents Act we are prohibited from providing such a listing for this and future reports.

During 2000, the number of contributors decreased by 312, from 7,372 as at December 31, 1999 to 7,060 as at December 31, 2000. In 2001 we anticipate a static number of contributors as compared to 2000.

In 2000, there was an increase in number and a minor change in the mix of pensions being paid as reported in the table on page 30. Also, in 1999 children's pensions were reported on an individual basis whereas in previous years minor children's pensions were attached to the survivor's pension regardless of the number of children receiving pensions. Over a five year period, the total number of pensions being paid increased 17.6% from 6,545 in 1996 to 7,697 in 2000. We forecast a normal increase in the number of pensions being paid in 2001 since we anticipate a static workforce in the CBC.

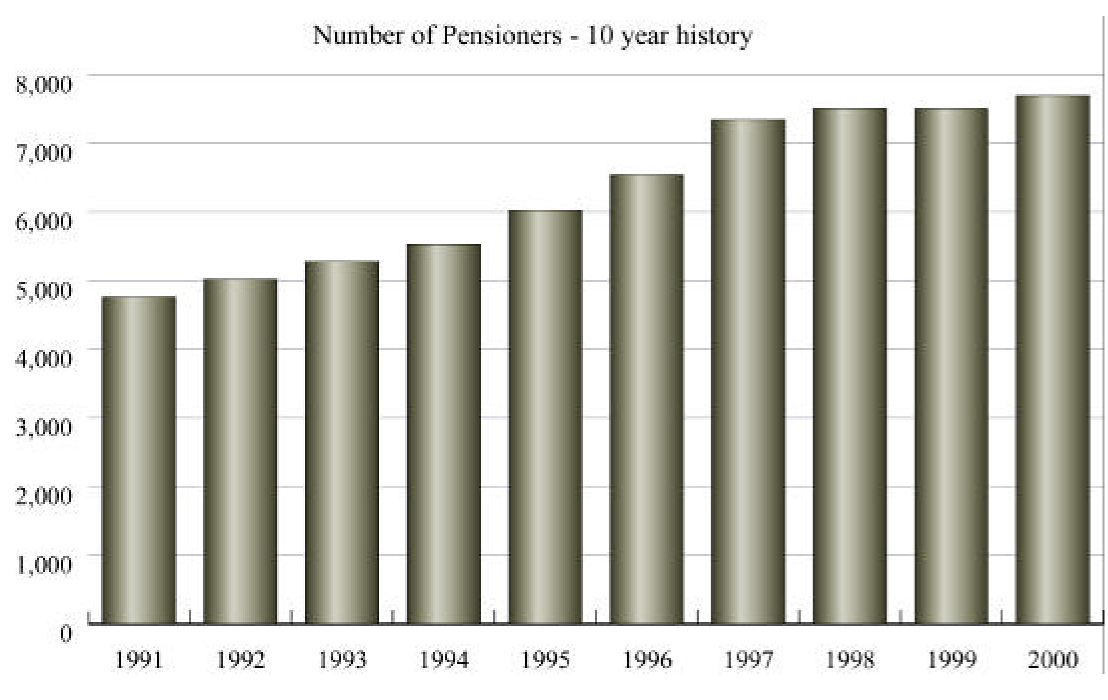
The following Table illustrates the increase in the number of pensioners over the past 10 years.

Future Issues and Trends

The 2000 Federal budget provided a change to the foreign content rules increasing the limit to 25% from 20% in 2000 and further increasing the limit to 30% in 2001. The investment policy of the Fund has been adjusted to accommodate the new limit. Management will assess the opportunities available in order to maximize the direct foreign holdings of the Fund within the appropriate range and acceptable risk tolerances to meet the Plan's obligations.

The securities industries in Canada and the United States are planning to shorten the time frame required to clear and settle a trade from the existing three days (T+3) to one day (T+1). It is anticipated that this action will enhance the security, efficiency and effectiveness of capital markets. This initiative will encompass investment managers, brokers, exchanges, custodial banks, third party information vendors and others all on whom the investment management activities of the Fund depend. Final implementation of this major change is currently scheduled for 2004, however a successful transition will require significant lead time. During 2001, the Fund will initiate a formal project to manage this important issue. Further, we will work closely with our custodial banks and service providers to facilitate the exchange of information and integration of activities.

Finally, in 2000, the CBC decided that employer contributions for the years 2000 to 2002 would be covered by the funding excess. Further, normal employee contributions were reduced by 17.2% on an ongoing basis effective January 1, 2000. These actions added to the liquidity risk of the Fund. This risk is being managed in order to ensure that all benefits due are paid and that investment income will generate the funds required for new investments.



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and all other information presented in this annual report have been prepared by management, which is responsible for the integrity and fairness of the data presented, including amounts which by necessity are based on management's best estimates as determined through experience and judgement. The financial statements have been properly prepared within reasonable limits of materiality. The accounting policies followed in the preparation of these financial statements conform with Canadian generally accepted accounting principles.

Management of the CBC Pension Board of Trustees maintains books of account, records, financial and management control, and information systems, which are designed for the provision of reliable and accurate financial information on a timely basis. Systems of internal control are maintained to provide assurance that transactions are authorized, that assets are safeguarded, and that legislative and regulatory requirements are adhered to. These controls include a code of conduct and an organizational structure that provides a well defined division of responsibilities and accountability.

The CBC Pension Board of Trustees is responsible for overseeing management and has overall responsibility for approving the financial information included in the annual report. The Board meets with management and the external auditor to review the scope of the audit, to review their findings and to satisfy themselves that their responsibilities have been properly discharged. In addition the firm of William M. Mercer Ltd., consulting actuaries, conducts a formal actuarial valuation of the obligations for pension benefits at least every three years as is required under the Pension Benefits Standards Act.

Deloitte & Touche LLP, the Plan's external auditor appointed by the Board, has conducted an independent examination of the financial statements in accordance with Canadian generally accepted auditing standards, performing such tests and procedures as they consider necessary to express the opinion in their report to the CBC Pension Board of Trustees. The external auditors have full and unrestricted access to the Board to discuss their audit and related findings as to the integrity of the Plan's financial reporting and the adequacy of internal control systems.

S. Cotsman
Managing Director/CEO
CBC Pension Plan

Don Grant
Treasurer

February 23, 2001

CBC PENSION PLAN
ACTUARY'S OPINION

William M. Mercer Limited was retained by the CBC Pension Board of Trustees (the "Board") to estimate the going concern liabilities and calculate the value of the assets of the CBC Pension Plan (the "Plan") as at December 31, 2000, for inclusion in the Plan's financial statements. As part of our work, we examined the Plan's recent experience with respect to the investment of the pension fund assets and presented our findings to the Board.

The valuation of the Plan's actuarial liabilities is based on an extrapolation of the results of the December 31, 1999 actuarial valuation and takes into account:

- membership data provided by the Canadian Broadcasting Corporation (the "Corporation") as at December 31, 1999;

- information provided by the Corporation with respect to actual terminations and retirements that occurred in 2000, including data with respect to plan members who retired under the Voluntary Retirement Incentive Program;

- methods prescribed by the Canadian Institute of Chartered Accountants for pension plan financial statements;

  and

- assumptions about future events (for example, future rate of inflation and future rates of return on the pension fund) which have been communicated to us as the Board's best estimate of these events.

While the actuarial assumptions used to estimate liabilities for the Plan's financial statements represent the Board's best estimate of future events, and while in our opinion these assumptions are reasonable, the Plan's future experience will inevitably differ, perhaps significantly, from the actuarial assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations, and will affect the financial position of the Plan, and the contributions required to fund it, at that time.

We have tested the data for reasonableness and consistency, and we believe it to be sufficient and reliable for the purposes of the valuation. We also believe that the methods employed in the valuation and the assumptions are, in aggregate, appropriate for the purposes of the valuation. Our opinions have been given, and our valuation has been performed, in accordance with accepted actuarial practice.

Sylvain Poirier
Fellow of the Canadian Institute of Actuaries

William M. Mercer Limited
Ottawa, Ontario

February 23, 2001

AUDITOR'S REPORT

To the CBC Pension Board of Trustees

We have audited the statement of net assets available for benefits and accrued pension benefits and funding excess of the CBC Pension Plan as at December 31, 2000 and the statements of changes in net assets available for benefits, changes in accrued pension benefits and changes in funding excess for the year then ended. These financial statements are the responsibility of the Board of Trustees' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits and funding excess of the CBC Pension Plan as at December 31, 2000 and the changes in net assets available for benefits, accrued pension benefits and funding excess for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants

Ottawa, Ontario
February 23, 2001

CBC PENSION PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AND ACCRUED PENSION BENEFITS AND FUNDING EXCESS AS AT DECEMBER 31

	2000	1999
	(in thousands of dollars)	
NET ASSETS AVAILABLE FOR BENEFITS		
ASSETS		
Investments (Note 3)	$ 4,053,243	$ 3,893,984
Accrued Investment Income	23,686	18,002
Accounts Receivable (Note 5)	6,510	6,239
Contributions Receivable (Note 6)	150	3,141
FlexPen Investments (Note 7)	2,898	2,071
	4,086,487	3,923,437
LIABILITIES		
Accounts Payable (Note 8)	167,450	18,437
NET ASSETS AVAILABLE FOR BENEFITS	3,919,037	3,905,000
Actuarial Asset Value Adjustment (Note 9)	(383,747)	(467,671)
ACTUARIAL VALUE OF NET ASSETS AVAILABLE FOR BENEFITS	3,535,290	3,437,329
ACCRUED PENSION BENEFITS (Note 9)	2,878,326	2,821,170
FUNDING EXCESS (Note 11)	$ 656,964	$ 616,159

Approved by the Board of Trustees

Trustee

Trustee

Approved by Management

Treasurer

The accompanying notes are an integral part of the financial statements.

CBC PENSION PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31

	2000	1999
	(in thousands of dollars)	
NET ASSETS AVAILABLE FOR BENEFITS BEGINNING OF YEAR	$ 3,905,000	$ 3,513,581
INCREASE IN ASSETS		
Investment Income (Note 3)	130,854	128,130
Current Year Change in Fair Value of Investments and currency (Note 3)	180,538	418,940
	311,392	547,070
Contributions (Note 6)	21,050	20,560
TOTAL INCREASE IN ASSETS	332,442	567,630
DECREASE IN ASSETS		
Benefits (Note 10)	169,251	168,713
Contributions and interest refund (Note 11)	139,823	-
Administrative Expenses (Note 12)	9,331	7,498
TOTAL DECREASE IN ASSETS	318,405	176,211
INCREASE IN NET ASSETS	14,037	391,419
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 3,919,037	$ 3,905,000

The accompanying notes are an integral part of the financial statements.

CBC Pension Plan
Statement of Changes in Accrued Pension Benefits
Year Ended December 31

	2000	1999
	(in thousands of dollars)	
ACCRUED PENSION BENEFITS BEGINNING OF YEAR	$ 2,821,170	$ 2,698,748
INCREASE IN ACCRUED PENSION BENEFITS		
Interest on Accrued Pension Benefits	200,550	191,718
Benefits Earned	61,570	59,829
Amendments to the Plan (Note 9)	-	20,432
Changes in Actuarial Assumptions (Note 9)	-	96,109
FlexPen (Note 7)	1,048	1,235
	263,168	369,323
DECREASE IN ACCRUED PENSION BENEFITS		
Benefits (Note 10)	169,251	168,713
Experience Gains (Note 9)	36,761	78,188
	206,012	246,901
NET INCREASE IN ACCRUED PENSION BENEFITS	57,156	122,422
ACCRUED PENSION BENEFITS AT END OF YEAR	$ 2,878,326	$ 2,821,170

Statement of Changes in Funding Excess
Year Ended December 31

	2000	1999
	(in thousands of dollars)	
FUNDING EXCESS BEGINNING OF YEAR	$ 616,159	$ 426,584
Increase in Net Assets Available for Benefits	14,037	391,419
Change in Actuarial Assets Value Adjustment	83,924	(79,422)
Increase in Actuarial Value of Net Assets Available for Benefits	97,961	311,997
Net Increase in Accrued Pension Benefits	57,156	122,422
FUNDING EXCESS AT END OF YEAR	$ 656,964	$ 616,159

The accompanying notes are an integral part of the financial statements.

CBC PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000

1. Description of Plan

The following description of the Canadian Broadcasting Corporation Pension Plan (the Plan) is a summary only. For more complete information, reference should be made to the text of the Plan as amended.

a) General

The Canadian Broadcasting Corporation (the Corporation) established the Plan effective September 1, 1961, pursuant to the Broadcasting Act. The Plan is primarily a contributory defined benefit pension plan covering substantially all permanent employees of the Corporation. The Plan is subject to the provisions of the Pension Benefits Standards Act (PBSA) and Regulations. The Plan's registration number with the Superintendent of Financial Institutions is 55144.

b) Benefits

The Corporation guarantees the payment of the pensions (other than the flexible pension provision), and other benefits payable under the terms of this Plan as amended. A member who is a regular employee of the Corporation will receive benefits based on the length of pensionable service and on the average of the best five consecutive years of pensionable salary in the last ten years of employment. A member who is a part-time employee of the Corporation will receive benefits based on an indexed career average salary formula. The benefits are indexed at the lesser of 2.7% or the Consumer Price Index (CPI) effective January 1 of each year.

c) Funding

The Plan is funded on the basis of actuarial valuations, which are made at least on a triennial basis. The most recent actuarial valuation of the Plan was made on December 31, 1999, with the cost certificate filed with Regulatory Authorities on June 30, 2000. Employees are required to contribute to the Plan a percentage of their pensionable salary, which is 4.2% of earnings up to the maximum public pension plan earnings ($37,600 in 2000) and 5.5% of earnings in excess of such maximum. The Corporation provides the balance of the funding, as required, based on actuarial valuations.

d) Income Tax Status

The Plan is a Registered Pension Trust as defined in the Income Tax Act, and consequently, is not subject to income taxes. The Plan’s registration number for income tax purposes is 202895.

2. Significant Accounting Policies

a) Presentation

These financial statements are prepared on the going concern basis and present the financial position of the Plan as a separate financial reporting entity independent of the sponsor and Plan members. The objective of these financial statements is to assist Plan members and other users in reviewing the financial position and results of operations of the Plan for the year. However, these statements do not portray the funding requirements of the Plan or the security of an individual Plan member's benefits.

b) Consolidation

The financial statements include the accounts of the CBC Pension Plan, its wholly-owned subsidiaries, which hold the Plan's interest in certain real estate and other investments, and a joint venture. The Plan's interest in the joint venture is accounted for by the proportionate consolidation method.

c) Investments

Investments are recorded as of the trade date and are stated at fair value (see note 3). Fair value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Cost represents the original cost less write-downs, to reflect other than temporary declines in fair value.

d) Accrual of income

Interest and dividend income has been accrued to the year-end date.

e) Current year change in fair value of investments

The current year change in fair value of investments is the difference between the fair value and the cost of investments at the beginning and end of each year adjusted for realized gains and losses in the year.

f) Accrued pension benefits

Accrued pension benefits related to the defined benefit portion of the Plan are based on an actuarial valuation prepared by a firm of independent actuaries. The determined obligations constitute an extrapolation from the results of the previous formal valuation using the projected benefit method prorated on service and management's best estimate of future economic events (see note 9). Accrued benefits related to the flexible pension provisions are reported at the fair value of the investments associated with the contributions.

g) Contributions

Contributions for current service are recorded in the year in which the related payroll costs are incurred. Contributions for past service are recorded in the year received. Cash contributions related to the flexible pension provisions are recorded in the year received and payroll contributions are recorded in the year deducted.

h) Foreign currency translation and forward currency agreements

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at year-end. Income and expenses are translated at the rate of exchange prevailing at the time of the transactions. Forward currency agreements are fair valued at the reporting date. Gains and losses from translation and forward currency agreements are included in the current year change in fair value of investments.

i) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimated.

3. Investments

a) The following tables show the fair value and the cost of the investments at year-end as well as the current year change in fair value of investments and related income. Real Estate is recorded net of the Fund's proportionate share of property debt of $88.0 million at the end of 2000 ($87.1 million in 1999). Investment income includes interest and dividends earned during the year as well as income from real estate properties which is net of operating and interest expense.

2000 INVESTMENTS

	Fair Value	Cost	Current year Change in Fair Value of Investments	Investment Income
		(in thousands of dollars)		
Fixed Income				
Cash and Short-term Investments	$ 351,775	$ 351,702	$ (250)	$ 14,164
Bonds - Canadian	939,156	931,793	24,476	64,203
- Global	132,491	125,000	7,491	605
	1,423,422	1,408,495	31,717	78,972
Equities				
Canadian	1,186,545	985,567	274,719	14,609
U.S.	445,398	455,060	(32,143)	3,038
Non-North American	482,612	424,868	(59,824)	3,642
Emerging Markets	86,556	110,051	(37,104)	66
	2,201,111	1,975,546	145,648	21,355
Strategic				
Property (Note 4)	340,734	348,292	(2,985)	26,930
Private Placements	87,976	64,316	9,427	3,597
	428,710	412,608	6,442	30,527
TOTAL	$ 4,053,243	$ 3,796,649	$ 183,807	$ 130,854

1999 INVESTMENTS

	Fair Value	Cost	Current year Change in Fair Value of Investments	Investment Income
		(in thousands of dollars)		
Fixed Income				
Cash and Short-term Investments	$ 181,245	$ 181,344	$ (106)	$ 7,155
Bonds - Canadian	894,592	915,734	(93,595)	67,739
	1,075,837	1,097,078	(93,701)	74,894
Equities				
Canadian	1,352,336	1,049,176	332,703	16,056
U.S.	452,331	398,351	50,344	3,210
Non-North American	543,501	392,058	115,768	5,604
Emerging Markets	61,289	47,680	15,232	204
	2,409,457	1,887,265	514,047	25,074
Strategic				
Property	346,416	349,378	(13,610)	27,513
Private Placements	62,274	43,819	14,543	649
	408,690	393,197	933	28,162
TOTAL	$ 3,893,984	$ 3,377,540	$ 421,279	$ 128,130

b) Current year change in fair value of investments and currency:

	2000	1999
	(in thousands of dollars)	
Unrealized (gain) or loss on investments at the beginning of the year	$ (516,444)	$ (260,353)
Net realized gain or (loss) during the year on investments	443,657	165,188
Unrealized gain or (loss) on investments at the end of the year	256,594	516,444
Current year change in fair value of investments	183,807	421,279
Net realized gain or (loss) during the year on currency exchange	(637)	(2,316)
Unrealized gain or (loss) on currency at the end of the year	(2,632)	(23)
	(3,269)	(2,339)
Current year change in fair value of investments and currency	$ 180,538	$ 418,940

c) **Determination of fair values:**

i) **Cash and short-term investments**

Cash and short-term investments, which include bank deposits, treasury bills, bankers' acceptances and short-term corporate notes, are valued at cost which approximates fair value.

ii) **Equities, Bonds and Private Placements**

Equities and bonds consisting primarily of listed securities are recorded at prices based on published market quotations.

Private placements consisting primarily of unlisted equities and debentures are valued at prices based on management's best estimates using one of the following methods: trade prices for similar securities, discounted cash flows and appraised values.

iii) **Property**

Property consists of mortgages and real estate.

a) Mortgages are secured by real estate and generally represent one to five year loans made at commercial mortgage rates to individuals and corporations. These loans are generally amortized over periods ranging from ten to twenty-five years. Mortgages are valued using current mortgage market yields and include accrued interest.

b) Real estate projects when in development are valued at the lower of cost and estimated realizable value. Other real estate investments are recorded at estimated fair values and are subject to independent appraisal at least once every three years.

d) **Investment risk**

The Plan's performance is subject to a number of risks which are managed using a number of tools and techniques. A discussion of certain of these risks is provided below:

i) **Interest Rate Risk**

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities.

The value of the Plan's investments is affected by short-term changes in nominal interest rates and equity markets both domestic and foreign. Pension liabilities are exposed to the long-term assumption for the Plan's rate of return on investments as well as shorter term assumptions on inflation and salary escalation.

The Plan's primary exposure is the prospect of a decline in the long-term real rate of return which may result in higher contribution rates required to meet pension liabilities. As at December 31, 2000, a 1% reduction in the assumed real long-term rate of return would result in an increase in the pension liabilities of approximately 14%.

It should be noted that short-term fluctuations in the real rate of return would not have a significant impact on the pension liabilities.

Liabilities are sensitive to changes in inflation and salary escalation rates. Changes in these parameters as well as interest rates will have a different effect on the values of the assets and pension liabilities, leading to mismatch risk. Given the nature of pension benefits, such risks cannot be eliminated, but are managed through the funding and investment policy of the Plan.

In 2000, the Plan's Statement of Investment Policy and Goals provided for a long-term target asset mix of 31% fixed income, 58% equities, and 11% strategic investments which includes property and private placements. The asset mix is determined through periodic reviews of the Plan's pension liabilities.

ii) Credit Risk

a) The risk relates to the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Plan's Statement of Investment Policy and Goals, which is reviewed annually, defines permitted investments, in accordance with the Act and provides guidelines and restrictions on acceptable investments which minimizes credit risk.

The maximum credit exposure of the Plan is represented by the fair value of the investments as presented in the Statement of Net Assets Available for Benefits and Accrued Pension Benefits and Funding Excess.

b) Concentration of credit risk exists when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political or other conditions. Management does not believe that the concentrations described below are unusual when compared to other pension plans.

	2000	1999
	(% of category)	
BONDS		
Government of Canada	56.9	54.1
Provinces	16.6	32.1
Corporate	26.5	13.8
	100.0	100.0

	2000	1999
	(% of category)	
CANADIAN EQUITIES		
Metals & Minerals	3.2	4.8
Golds & Precious Metals	4.1	2.7
Oil & Gas	9.7	7.2
Paper & Forest Products	2.0	3.8
Consumer Products	4.3	0.8
Industrial Products	19.8	17.5
Real Estate	0.3	0.2
Transportation & Environmental Services	2.2	1.5
Health Care	0.2	0.1
Pipelines	1.0	0.4
Utilities	5.2	7.5
Communication & Media	3.2	3.4
Merchandising	1.1	2.1
Financial Services	18.2	14.5
Conglomerates	4.3	4.2
Technology	0.0	1.9
Index Units	21.2	27.4
	100.0	100.0

iii) Foreign Currency and Exposure Risk

The Plan invests in non-Canadian equities and money market securities the value of which fluctuates due to changes in foreign exchange rates as well as the economic and political environments associated with the individual countries. Further, the Plan increases its foreign exposure by investing in fully hedged index futures units which are considered Canadian content but provide returns based on foreign market performance.

The Plan may, from time to time hedge some of the exposure based on economic fundamentals.

As at December 31, 2000 the Plan had 34 forward currency agreement hedges in place with a net negative notional amount totalling $3.9 million and a net unrealized gain of $2.0 million which is reported within the fair value of holdings. As at December 31, 1999 the Plan had one forward currency agreement hedge in place with a notional amount totalling $43.0 million and a net unrealized loss of $1.8 million.

The Plan's foreign exposure as at December 31 was as follows:

	2000	1999
	(in thousands of dollars)	
UNHEDGED		
Cash & Short-term Investments	$ 3,523	$ 37,869
Equities and Global Bonds*		
United States	171,335	330,130
Japan	80,761	50,006
United Kingdom	78,027	77,170
Euro Countries:		
- France	77,184	69,923
- Germany	86,993	53,260
- Holland	28,507	37,589
- Finland	16,982	26,886
- Portugal	-	6,530
- Italy	3,379	6,158
Switzerland	25,074	14,532
Australia	11,902	13,856
Belgium	11,359	9,679
Hongkong	9,275	9,611
Spain	4,518	13,198
Denmark	4,266	-
Others	88,027	51,684
Total Unhedged	701,112	808,081
HEDGED		
Index Futures Units - United States	316,876	133,378
Index Futures Units - Non-North American	131,823	120,067
Currency Forwards:		
Japan	17,253	43,000
Euro	(12,020)	-
United States	(10,064)	-
United Kingdom	978	-
Total Hedged	444,846	296,445
Total Foreign Exposure	$ 1,145,958	$ 1,104,526

* *Note that there were no Global Bonds in 1999.*

4. Real Estate Joint Venture

Effective April 1, 2000, the Plan and Edgefund Equities Inc. merged part of their respective real estate holdings to form Pyxis Real Estate Equities, a 30%-70% joint venture. The Plan contributed real estate property to the joint venture for a total consideration of $84 million, of which $60 thousand was received in common shares of Pyxis, and the balance was received as a promissory note secured by the fair market value of all properties.

The following amounts represent the Plan's proportionate interest in Pyxis before consolidation:

	2000 (in thousands of dollars)
Assets	
Cash and Short-term Investments	3,464
Accounts Receivable	3,638
Property	30,230
Liabilities	
Accounts Payable	5,140
Promissory Notes	31,706
Earnings	
Investment Income	423
Administrative Expenses	256
Net Income	167

5. Accounts Receivable

	2000	1999
	(in thousands of dollars)	
Investment related	$ 525	$ 5
Property	5,863	5,683
Other	122	551
	$ 6,510	$ 6,239

6. Contributions

The following are the contributions for the year:

		2000	1999
		(in thousands of dollars)	
Employer		$ 302	$ 6,733
Employee	- Current Service	15,389	8,319
	- Past Service	4,311	4,273
	- FlexPen (Note 7)	1,048	1,235
		$ 21,050	$ 20,560

Included in the contributions are the following amounts receivable at year end:

	2000	1999
	(in thousands of dollars)	
Employer	$ -	$ 964
Employee	150	2,177
	$ 150	$ 3,141

7. Flexible Pension (FlexPen)

An amendment was made to the Plan effective January 1, 1998, to include a flexible component. Under FlexPen, members can make additional contributions to the Plan, up to limits within the Income Tax Act. Members may choose from various pooled fund investments which are administered by external managers. Contributions and accrued investment income thereon are converted into additional benefits based upon market rates at the earliest of retirement, death or termination of employment.

The liabilities of the Plan with respect to FlexPen are equal to the additional member contributions, plus investment income, plus or minus capital gains or losses thereon less refunds. This portion of the Plan benefits is funded entirely by members.

A summary of the activity for the year ending December 31 is as follows:

	2000	1999
	(in thousands of dollars)	
Investments beginning of year	$ 2,071	$ 897
Increases:		
Contributions	868	1,044
Interest	8	4
Capital Appreciation	172	187
	1,048	1,235
Decreases:		
Refunds	221	61
Investments end of year	$ 2,898	$ 2,071

8. Accounts Payable

	2000	1999
	(in thousands of dollars)	
Investment related	$ 621	$ 7
Benefits	158,761	14,408
Other	8,068	4,022
	$ 167,450	$ 18,437

9. Accrued Pension Benefits

(a) Actuarial valuations are required at least every three years under the Pension Benefits Standards Act. The latest actuarial valuation was made at December 31, 1999, by William M. Mercer Limited, a firm of consulting actuaries. Amounts reported in these financial statements are based on this valuation. The actuarial assumptions used in determining the obligations for accrued pension benefits, which reflect the Board's best estimates of expected economic trends, were as follows:

	Long term assumptions	
	2000	1999
Asset rate of return	6.75%	6.75%
Salary escalation rate*	4.00%	4.00%
Inflation rate	3.00%	3.00%

* *excluding merit and promotional salary increases*

Select assumptions reflecting the short-term economic environment were also used.

As a result of changes in assumptions, the accrued pension benefits were increased by $96.1 million in 1999. There were no such changes in 2000.

In 2000, there were experience gains of $36.8 million ($78.2 million in 1999) arising from differences between the actual and expected demographic experience of retirement and terminations.

b) The Plan's actuarial liabilities as at December 31, 1999 include $20.4 million to reflect the impact of a Plan amendment which allowed certain members who retired early during the first six months of 2000 to receive improved pensions under the CBC's Voluntary Retirement Incentive Program.

c) The actuarial value of net assets available for benefits has been determined at amounts that reflect long-term market trends consistent with assumptions underlying the valuation of the accrued pension benefits. The valuation is based on a four-year moving - average-market method. Under this method the market value is the underlying basis, but fluctuations are averaged over a four-year period. The year over year change in the actuarial asset value adjustment is reflected in the Statement of Changes in Funding Excess.

10. Benefits

Benefits for the year ended December 31, were as follows:

	2000	1999
	(in thousands of dollars)	
Pensions	$ 157,074	$ 159,278
Refunds and related interest	635	961
Transfer of contributions and related interest	5,023	781
Net transfers of contributions to/from other pension plans	6,298	7,632
FlexPen	221	61
	$ 169,251	$ 168,713

11. Funding Excess

Through an actuarial valuation as at December 31, 1999 it was determined that the Plan had a funding excess of $616.2 million.

The Corporation has indicated that it's contribution requirements will be covered by the funding excess in 2000, 2001 and 2002. Furthermore, the Corporation earmarked a portion of the funding excess that is reserved for use by the CBC after December 31, 2002, the date of the next actuarial valuation. An amount of $89 million was identified as at December 31, 1999.

In addition, an amendment made to the Plan as at January 1, 2000, whereby 17.2% of member accumulated contributions and interest totalling $139.8 million were refunded, also requires that future member contributions be reduced by the same percentage. The present value of the future employee contribution reduction is estimated at $128.6 million as at December 31, 2000.

12. Administrative Expenses

In accordance with the Trust Deed, all fees, charges and other costs incurred by the Trustees in the setting up and administration of the Plan and in the setting up and management of the Fund are to be paid by the Fund. Expenses for the year ended December 31, were as follows:

	2000	1999
	(in thousands of dollars)	
Fund Administration		
Internal Investment Management		
Salaries and employment costs	$ 1,592	$ 1,528
Professional fees	932	632
Data processing	825	1,031
Custodial and banking fees	652	534
Office rent	194	176
Other	126	133
Total Internal Management	4,321	4,034
External Investment Management		
Management fees	1,787	903
Property management	572	363
Total External Management	2,359	1,266
	6,680	5,300
Pension Benefit Administration		
Salaries and employment costs	931	979
Special project - contribution refund (Note 11)	377	-
Professional fees	237	186
Data processing	86	61
Office rent	29	29
Other	241	196
	1,901	1,451
Board of Trustees Expense		
Professional fees	175	256
Other	55	41
	230	297
GST	520	450
Total Administrative Expenses	$ 9,331	$ 7,498

13. Commitments and Contingencies

The Fund is contingently liable to fund cash flow deficiencies and the obligations of its co-investors, including other pension funds, on certain real estate related investments. In addition, the Fund may have to provide financing on certain real estate related investments in the event of the non-availability of financing from other sources.

SUPPLEMENTARY FINANCIAL INFORMATION

Investments Greater than $10,000,000
as at December 31, 2000

BONDS

ISSUER	COUPON	MATURITY DATE	FAIR VALUE (in million $)
Government of Canada	6.000%	Jun 01, 2008	93.89
Government of Canada	5.500%	Jun 01, 2009	87.19
Government of Canada	5.750%	Jun 01, 2029	61.44
Government of Canada	9.000%	Dec 01, 2004	60.22
Government of Canada	8.750%	Dec 01, 2005	58.12
Government of Canada	7.000%	Dec 01, 2006	54.43
Province of British Columbia	8.500%	Aug 23, 2013	52.91
Government of Canada	6.500%	Jun 01, 2004	40.18
Government of Canada	7.250%	Jun 01, 2007	36.53
Province of Ontario	7.750%	Jul 24, 2006	31.25
BCE Inc.	6.550%	May 01, 2029	24.11
Government of Canada	10.000%	May 01, 2002	21.82
Bank of Montreal	7.000%	Jan 28, 2010	21.11
Export Development of Canada	6.200%	Jun 22, 2010	20.70
Royal Bank of Canada	7.100%	Jan 25, 2015	20.02
Province of British Columbia	5.250%	Dec 01, 2006	19.65
Canadian Pacific	6.900%	Sep 05, 2007	18.54
Nova Gas	8.900%	May 27, 2025	17.41
Province of New Brunswick	9.250%	Jan 18, 2013	16.73
Nova Gas	8.500%	May 25, 2005	13.73
Thomson Corporation	7.150%	Oct 23, 2006	12.70
Province of Quebec	6.250%	Dec 01, 2010	12.23
Cadillac Fairview	6.360%	Jun 01, 2010	11.84
Genesis Trust	6.462%	Nov 15, 2005	10.27

CANADIAN EQUITIES

ISSUER	FAIR VALUE (in million $)
Toronto Stock Exchange I60 Index Units	265.37
Nortel Networks	54.20
BCE Inc	49.80
Royal Bank of Canada	43.22
Toronto Dominion Bank	34.76
Talisman Energy Inc.	30.61
Bank of Nova Scotia	28.08
Bank of Montreal	27.51
Bombardier Inc Class B	23.15
Canadian Imperial Bank of Commerce	22.09
Placer Dome Inc	21.68
Sun Life Financial	20.00
Canadian Pacific	19.24
Petro Canada	19.08
Ballard Power Systems Inc	18.90
Open Text	17.74
Biovail Corporation	17.52
Barrick Gold Corporation	17.23
Abitibi Consolidated	16.56
Manulife Financial	16.43
Quebecor World Inc	15.04
Leitch Technology Corporation	14.91
Potash Corporation	13.49
Canadian National Railway	13.31
Nova Chemicals Limited	13.01
Transcanada Pipelines Limited	12.70
Telus Corporation	12.47
Cae Inc.	12.20
Alcan Aluminum	11.55
Onex Corporation	10.95
C-Mac Industries	10.05

SPECIAL & PRIVATE PLACEMENTS

ISSUER	FAIR VALUE (in million $)
Skypoint Telecom Fund	18.02
1028484 Ontario Inc. Class A	16.31

UNITED STATES EQUITIES

ISSUER	FAIR VALUE (in million $)
S&P 500 Depository Receipts	196.83

NON-NORTH AMERICAN EQUITIES

ISSUER	FAIR VALUE (in million $)
Schroder Emerging Markets	77.28
Nokia Corp	16.98
Total Fina Elf SA ADR	12.70
Credit Communal Dexia	11.36
Takeda Chemical Inds	10.91
Vodafone Group PLC ADR	10.91
Roche Holdings AG	10.41

MORTGAGES

ISSUER	INTEREST RATE	MATURITY DATE	FAIR VALUE (in million $)
Rosemere , Quebec Place Rosemere Shopping Centre	10.25%	August 1, 2002	26.26

REAL ESTATE HOLDINGS

ISSUER	% PARTICIPATION	FAIR VALUE (in million $)
Crown Plaza, Toronto, Ontario	12.23%	17.73

BOARD OF TRUSTEES

STAFF MEMBERS

Stephen Cotsman
Managing Director/CEO
CBC Pension Plan

PENSION FUND ADMINISTRATION

Don Grant
Treasurer

Donald G. Campbell
Fixed Income Portfolio Manager

Janice Holzscherer
Foreign Equity Portfolio Manager

William Law
Canadian Equity Portfolio Manager

Debra Alves
Strategic Investments Portfolio Manager

PENSION BENEFIT ADMINISTRATION

Michel Bissonnette (term ended March 31st, 2000)
Secretary, Board of Trustees
Director, Pension and Benefit Plans Administration

Jeanne Meredith (appointed April 1st, 2000)
Secretary, Board of Trustees

Lise DesRoches (appointed April 1st, 2000)
Manager, Pension Benefits Administration

We welcome your comments and suggestions for this annual report as well as other aspects of your communications program.

Please address your comments to:

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