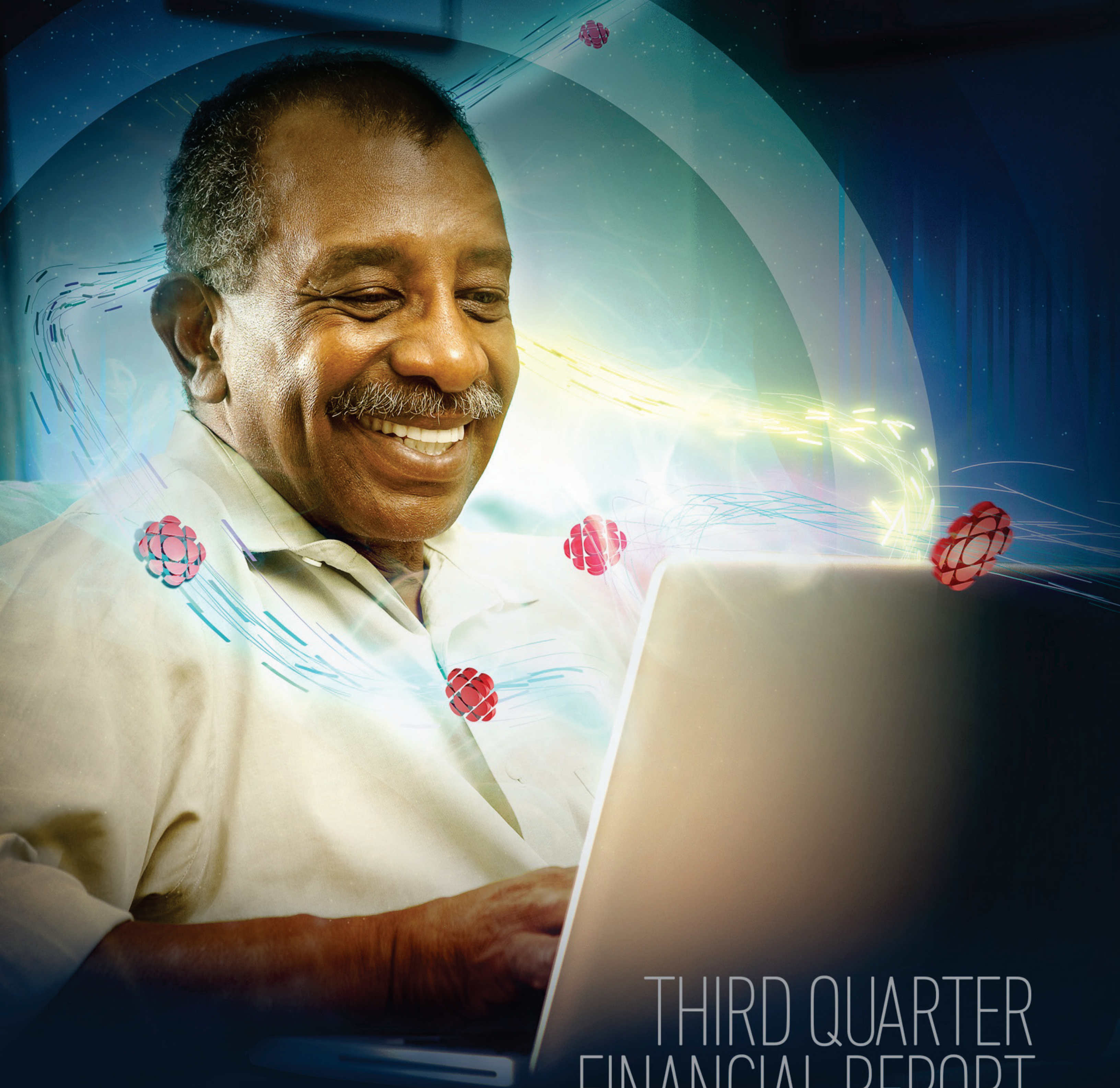


THIRD QUARTER FINANCIAL REPORT 2014-2015

CBC Radio-Canada

Table of Contents

CBC/Radio-Canada's Commitment to Transparency and Accountability

As the national public broadcaster, we take very seriously our obligation to be transparent and accountable to Canadians. To meet our responsibilities, we provide access on our corporate website to information about our activities and the way we manage our public resources.

HR COMPLIANCE

- Annual Review on Implementation of Section 41 of the *Official Languages Act* to Canadian Heritage
- Annual Review on Parts IV, V and VI of the *Official Languages Act* to Treasury Board of Canada Secretariat
- Annual Report on Employment Equity to Employment and Social Development Canada (ESDC)
- Annual Report on Multiculturalism to Citizenship and Immigration Canada

CORPORATE REPORTS

- Annual Report, tabled in Parliament
- Corporate Plan and Corporate Plan Summary
- Quarterly financial reports
- CBC Pension Annual Report
- Public Accounts of Canada
- Semi-Annual Report Card
- Environmental performance reports
- Reports on the implementation of the *Access to Information Act* and *Privacy Act* (two separate reports), and on any disclosure of wrongdoings (under the *Public Servants Disclosure Protection Act*)

RESPONSES TO ACCESS TO INFORMATION AND PRIVACY (ATIP) REQUESTS

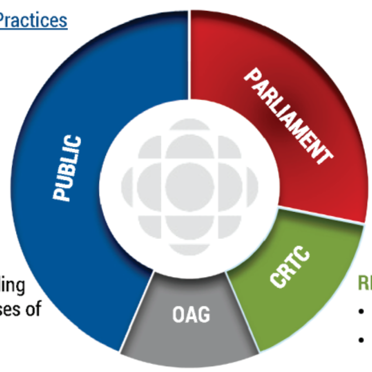
POLICIES AND PRACTICES

- Journalistic Standards and Practices
- Code of Conduct

TRANSPARENCY & ACCOUNTABILITY BULLETIN

OMBUDSMEN REPORTS

- Board must respond to Ombudsmen Reports and table responses with CRTC



APPEARANCES BEFORE PARLIAMENTARY COMMITTEES

PROACTIVE DISCLOSURE

- Proactive Disclosure web pages (including posting of travel and hospitality expenses of the Chair and Executives, and Board meeting documents)

ANNUAL PUBLIC MEETING

OFFICE OF THE AUDITOR GENERAL (OAG)

- Annual OAG Attest Audit

REPORTING TO THE CRTC

- Periodic licence renewals
- Annual reporting to the CRTC covering:
  - Each of the Corporation's licenced radio, television and specialty services
  - Reports for all of the Corporation's television stations eligible for the Local Programming Improvement Fund (LPIF)
  - New media reporting requirements
- Official Language Minority Communities (OLMCs) reports: Annual reporting covering measures taken to meet the needs of OLMCs, the results of surveys on OLMCs' perception of how well CBC/Radio-Canada services reflect their needs and realities; and reports on all programs that are produced in OLMCs and/or reflect these communities in their content

Management Discussion and Analysis

Quarterly reporting requirement

In addition to filing an annual report, we are required – like most Canadian federal Crown corporations – to file quarterly financial reports for the first three quarters of each fiscal year. In keeping with our commitment to transparency and effective oversight of public funds, we are pleased to present this quarterly report for the third quarter ended December 31, 2014.

These Condensed Interim Consolidated Financial Statements have not been reviewed by our auditor.

Seasonality

The majority of our self-generated revenue comes from advertising, which follows seasonal patterns based on the programming schedule. It also varies according to market and general economic conditions, as well as schedule performance. Subscriber-based revenue is relatively more stable on a quarter-by-quarter basis. Operating expenses also tend to follow a seasonal pattern because they are also influenced by the programming schedule.

Government appropriations are recognized in income based on the annual budget, which reflects seasonal impacts on expenditures and self-generated revenue.

Note regarding forward-looking statements

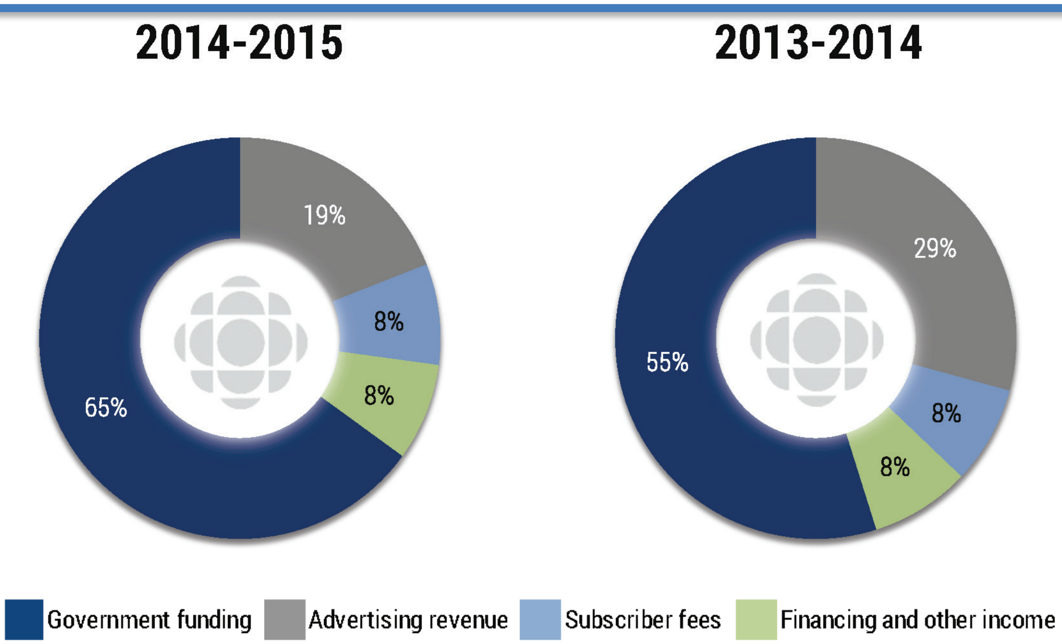
This report contains forward-looking statements about strategy, objectives, and expected financial and operational results. Forward-looking statements are based on the following broad assumptions: CBC/Radio-Canada's government funding remains consistent with amounts announced in the federal budget, and the broadcasting regulatory environment will not change significantly. Key risks and uncertainties are described in Outlook and Risk Update in section 3.3 of this report. However, some risks and uncertainties are by definition difficult to predict and beyond our control. They include, but are not limited to, economic, financial, advertising market, technical and regulatory conditions. These and other factors may cause actual results to differ substantially from the expectations stated or implied in forward-looking statements.

Non-IFRS measure

This report includes the measure Results on a Current Operating Basis, which does not have any standardized meaning according to International Financial Reporting Standards (IFRS). It is therefore unlikely to be comparable to similar measures presented by other companies. Refer to Results in section 3.1 for further details.

Financial Highlights

Q3 REVENUE AND SOURCES OF FUNDS



(in thousands of Canadian dollars)	For the three months ended December 31			For the nine months ended December 31		
	2014	2013	% change	2014	2013	% change
Revenue	142,971	189,897	(24.7)	473,692	501,616	(5.6)
Expenses	(416,216)	(460,893)	(9.7)	(1,248,660)	(1,315,372)	(5.1)
Government funding	265,305	230,585	15.1	641,237	750,959	(14.6)
Results before non-operating items	(7,940)	(40,411)	(80.4)	(133,731)	(62,797)	113.0
Net results for the period	(5,952)	(40,697)	(85.4)	(92,728)	(65,357)	41.9
Results on a current operating basis[1]	15,394	(15,841)	N/M	(51,958)	(6,988)	N/M

N/M = not meaningful

[1] Results on a Current Operating Basis is a non-IFRS measure. A reconciliation of net results to Results on a Current Operating Basis is provided in Results in section 3.1.

Results under IFRS and on a Current Operating Basis

Changes this quarter in net results under IFRS and on a Current Operating basis were primarily due to the following:

- This quarter was our first full period without direct advertising revenue from broadcasting professional hockey following the end of our broadcast rights contract with the National Hockey League (NHL). As a result, overall revenue decreased by $46.9 million (24.7%) compared to the third quarter of 2013-2014. Our operating expenses have also decreased similarly as we no longer pay the associated programming costs, as discussed below. Our advertising revenue was also affected by the weaker advertising market relative to last year.
- Total expenses were lower by $44.7 million (9.7%) compared to the third quarter last year, reflecting lower ongoing operating costs following the end of our contract with the NHL, and the continuation of our cost-reduction initiatives. These decreases were partially offset by severance costs associated with workforce reduction announcements in November.
- Government funding recognized for accounting purposes increased by $34.7 million (15.1%), due to higher drawdowns of funding this quarter relative to the same period last year. The increase in drawdowns is due to a timing difference in our cash flow requirements, resulting in drawdowns of government funding later in the year relative to 2013-2014. By year-end, total government funding is expected to be $45.5 million less than last year, consistent with the last instalment of reductions announced in Federal Budget 2012.
- Results on a Current Operating Basis for the period reflected a gain of $15.4 million primarily arising from the timing of government funding drawdowns, as discussed above. This result excludes items that do not generate or require funds from operations, the most significant individual item being an $8.5 million charge for non-cash pension expense. Further details reconciling net results to Results on a Current Operating Basis are provided in Results in section 3.1.

Business Highlights

Progressing towards our new strategic plan

We continue to fulfill our mandate guided by our current five-year strategic plan, *2015: Everyone, Every way*. This quarter, the last in which the Corporation will benchmark according to *Strategy 2015*, we pursued initiatives to support the plan's three key thrusts:

- More distinctly Canadian: network programming and national public spaces;
- More regional: regional presence and community spaces; and
- More digital: new platforms and digital spaces.

Through the Corporation's new five-year strategy, *A space for us all*, CBC/Radio-Canada will become more present and more relevant, as well as sustainable for future generations. More on the planning and progress of implementing this strategy will be available in our 2014-2015 Annual Report after it is tabled in Parliament.

Our vision will be achieved through a relentless focus on great, distinctive content, and services that mirror Canadians' changing media consumption. That focus will be enabled by strategies to reduce infrastructure, transform our people and culture, and increase our financial stability. By 2020 we'll be a different kind of public broadcaster; one that is more dynamic, more relevant, and, above all else, brings Canadians together.

More distinctly Canadian

During the fall and the holiday season, Canadians continued to watch and listen to CBC/Radio-Canada offerings, both seasonally-specific and day-to-day programming.

On the radio front, CBC's and Radio-Canada's radio fall surveys reported the highest listenership ever, on both markets, for share combined. These results are particularly satisfying because the industry is experiencing an overall decline in listenership across both language markets. And yet, CBC Radio One, CBC Radio 2 and ICI Musique beat that trend with slight increases in average weekly hours tuned per listener.(1) Also of note this quarter and potentially contributing to these strong results was the addition of the show *The 180* on Radio One's Sunday morning lineup, and the success of our guest hosts on *Q*: Brent Bambury, Piya Chattopadhyay and Tom Power.

On television, ICI Radio-Canada Télé maintained a solid market share of 19.8% in prime time, despite fierce competition in the French-language market. Our conventional network was able to rely on returning programs that consistently drew over one million viewers weeknights in prime time (*Les enfants de la télé*, *Les pêcheurs*, *Mémoires vives*, *Tout le monde en parle* and *Unité 9*), while several current and consumer affairs programs (*Enquête, L'épicerie, La facture*) and the 10 p.m. *Téléjournal* captured equivalent or greater shares than they did in fall 2013.(2)

The English-language television market continued to provide tough competition, with CBC Television obtaining a 6.7% share of the prime-time audiences this quarter (5.5% when considering the Key Performance Indicator share definition and target as seen on page 21).(3) However, CBC Television's fall schedule achieved a number of milestones for audience favourites. This quarter, *Republic of Doyle* concluded its run after six seasons with a special two-hour episode. *This Hour Has 22 Minutes* celebrated 22 years on air with a one-hour retrospective special on December 9. Family drama *Heartland*

(1)Source: Numeris (BBM Canada) – Fall 2014 diary, 12 years +.
(2)Source: Numeris (BBM Canada) – Portable People Meter, Quebec Francophones, 2 years +.

became the longest-running Canadian one-hour television drama with 125 episodes, while *Murdoch Mysteries* telecast its 100th episode during this same period.

In a busy quarter for news at home and abroad, CBC/Radio-Canada continued to provide thoughtful and professional news coverage. Canadians turned to their public broadcaster for information on the events in Saint-Jean-sur-Richelieu, Quebec, on October 20, and at Ottawa's Parliament Hill on October 22, which claimed the lives of two Canadian Armed Forces members. These events were covered live on CBC and Radio-Canada platforms, and were followed so intently by Canadians that October 22 was the highest single day of web traffic in the history of CBC.ca.[(4)]

CBC/Radio-Canada continued delivering large-scale unifying multiplatform events such as ICI Radio-Canada Télé's October 26 broadcast of the 36th *Gala de l'ADISQ,*[(5)] drawing close to 1.3 million viewers (200,000 more than the previous year).[(6)] As per tradition, Remembrance Day commemorations, including the ceremony at the National Cenotaph in Ottawa, were widely covered across both networks and on multiple platforms.

CBC/Radio-Canada also continued to celebrate literature and documentaries across many of its platforms. On November 10, CBC Television offered its audiences the *Scotiabank Giller Prize*, which celebrated the best works in Canadian fiction. The awards were hosted by Rick Mercer, and live-streamed on CBC Books (including a live chat). From November 19 to 24, Radio-Canada presented the 37th Salon du livre de Montréal. As part of this event, the public was invited to discover 10 young authors on ICI Radio-Canada.ca. Several Radio-Canada on-air personalities also hosted programs live from the Salon, which drew over 115,000 visitors.[(7)] On November 8, in the lead-up to Les Rencontres internationales du documentaire de Montréal 2014, Radio-Canada presented its first *Nuit du documentaire*. Five compelling docs, recently shot in Quebec, were aired back to back on ICI Radio-Canada Télé.

In keeping with tradition, CBC/Radio-Canada served up special programming for the holiday season on its many platforms. This included new shows on ICI Radio-Canada Première, such as *Des airs d'ici*, hosted by Grégory Charles (music) and *Ma grand-mère disait*, with host Boucar Diouf (stories about family). Radio-Canada's final multiplatform signature event in 2014-2015 remained the most unifying event of the year: the comedic year-end retrospective *Bye Bye 2014* on New Year's Eve broke its own record, set in 2013, with 3.94 million viewers tuning in on ICI Radio-Canada Télé on December 31, 2014.[(8)]

CBC seasonal holiday programming invited audiences to "holiday like they mean it," and included programming such as the *Canadian Country Music Awards* (*CCMA) Holiday Special* featuring Canadian country music's brightest stars; *Michael Bublé's Christmas in New York*; and *Stars on Ice* featuring a celebration of Canada's Olympic athletes. CBC Radio 2 presented *Joy to the World*, hosted by Ben Heppner and *CBC Music: The Songs of Christmas*, hosted by Rich Terfry. CBCMusic also celebrated the holidays with two continuous limited-play streams: *Classical Holidays* and *Seasonal Favourites*, from November 24 through December 29.

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(4)Source: Akamai October 22 Web Traffic Report.
(5)Source: Association québécoise de l'industrie du disque, du spectacle et de la vidéo.
(6)Source: Numeris (BBM Canada) – Portable People Meter, Quebec Francophones, 2 years +.
(7)Source: Salon du livre de Montréal (www.salondulivredemontreal.com).
(8)Source: Numeris (BBM Canada) – Portable People Meter, average minute audience, Quebec Francophones, 2 years +.

More regional

CBC/Radio-Canada continued to provide content of interest and significance to Canadians across the nation's regions. As such, the tragic events of national and international resonance in Saint-Jean-sur-Richelieu and Ottawa have put to the test once again the efficiency of our regional multiplatform news and production model.

Moreover, both networks provided full multiplatform coverage of municipal elections in Manitoba, Ontario, and British Columbia. CBC Television launched the first telecast of CBC Radio One Calgary's *The Eyeopener* morning show. This new initiative increases local content on CBC Television throughout the day. The Calgary program began on October 6 and joined *New Brunswick First* in offering viewers images of a CBC Radio program live. On October 10, CBC Montreal's *Daybreak* team produced a live broadcast to focus on key issues for the West Island community, live from Stewart Hall Cafeteria at John Abbott College.

CBC Radio One's local morning shows continued to excel in audience performance. For example, 11 of the 21 CBC stations measured by the fall 2014 audience surveys captured a number-one ranking, while 20 of these 21 CBC stations ranked in the top three.(9) When considering all markets, 24 of 26 CBC Radio One morning shows placed in the top three.(10)

Also during the quarter, CBC Calgary celebrated its 50th anniversary, hosted by Doug Dirks of CBC Radio's *The Homestretch*. The celebrations included an open doors event and the chance for the public to meet their favourite CBC personalities.

On November 17, 135 Halifax-based CBC/Radio-Canada employees working in the Sackville Street and Bell Road facilities moved into the newly renovated broadcast centre on Chebucto Road. This change is aligned with our new strategy because the studios and equipment are flexibly designed to be interchangeable between radio, television and digital operations, making the operation more effective and efficient. In addition, thanks to the open office environment, new production methods, better workflow planning, and new technologies, CBC and Radio-Canada occupy 70% less space than they did in the two former buildings combined.

This quarter, CBC/Radio-Canada announced that as part of *A space for us all*, it would be gradually upgrading its regional digital services to establish more local points of contact with Canadians, and to deliver more news stories that directly affect them. More details on the local strategy can be read here.

(9)Source: Numeris (BBM Canada) – Fall 2014 diary. Number one ranking cities: St. John's, Halifax, Sydney, Saint John, Fredericton, Moncton, Ottawa (Anglo), Sudbury, Victoria, Kelowna and Prince George.
(10)Source: Numeris (BBM Canada) – Portable People Meter, Weeks 1-17.

More digital

Digital offerings, and building our capacity to provide more of them to Canadians, continue to be an important component of our strategy.

Radio-Canada's digital teams enhanced the multiplatform experience for ICI Radio-Canada Première audiences this quarter by revamping the network's homepage and releasing an e-book to the radio series *Sur les traces de Kerouac*. Available free on iBooks, the e-book is a compelling and original method for delivering content that complements the radio series, such as the realities faced by French Canadians who move to the United States, the presence of French in Kerouac's body of work, and Quebec artists influenced by the author and poet. Changes to ICI Radio-Canada Première's website include its complete redesign, with content that adapts to all devices and that is continuously refreshed.

Specialty channels ICI RDI, ICI ARTV and ICI EXPLORA aired special programming during the holiday season. For ICI RDI, the period coincided with celebrations around its 20th anniversary on January 1, 2015. For the occasion, the channel aired specials celebrating 20 years of *bloopers*, *Grands reportages*, and continuous news. ICI ARTV and ICI EXPLORA were in a free preview period from December 15, 2014 to January 15, 2015. Viewers were able to watch or re-watch, live or on demand, homegrown and international series. There were also new episodes of *Les grandes entrevues* featuring Stéphan Bureau on ICI ARTV. A series (*Animaux sous haute surveillance*) and two documentaries (*Nous, les singes!* and *Planète Terre : aux origines de l'homme*) premiered on ICI EXPLORA.

Canadians are part of a global trend towards consuming content back-to-back, without being tied to a schedule. Capitalizing on the holiday season, and seeking to offer a dynamic, Canadian, French-language lineup for audiences, ICI Tou.tv focused on premiering three all-new episodes of the next season of *Nouvelle adresse*. Radio-Canada's content marketing strategy also addresses these emerging media consumption habits. The approach is getting results – iTunes has dubbed *Série noire* the best French-language series of 2014.

CBC News launched a new app for Android 5.0, building on the earlier success of its iOS 8 app launch. Users are offered more local news, video and weather, plus faster access to breaking news. The app features a customizable menu, breaking news "push" alerts, more photos and video, including *The National* and local newscasts.

Canada's Smartest Person offered a new interactive app for iOS and Android devices and online at cbc.ca/smartestperson. During the broadcast, this digital companion allowed viewers to play along in real time with each of the challengers, and users received personal results that could be shared on Facebook and Twitter. Over nine weeks, and with more than 180,000 downloads, it was CBC's most downloaded interactive television app.

Young aspiring entrepreneurs were given the chance again this quarter to pitch their start-ups and early stage businesses on *Next Gen Den*. Shorter in length than the television program, and made for mobile, the *Next Gen Den* can be accessed on a smartphone, tablet or desktop, on the *Dragons' Den* website, or YouTube channel.

CBC Music fans voted and determined the winners for *CBC Music Awards*, as announced on December 9. From tens of thousands of nominations, Canadian music fans selected winners in 10 categories including Artist of the Year: Celine Dion; Best Song of the Year: Arcade Fire – "Reflektor"; and Album of the Year: Serge Fiori.

Kids' CBC aimed to inspire healthy change in the way Canadian children and their families move through their daily lives with *The Moblees*, a new, live-action, interactive musical adventure series for kids aged two to five years. *The Moblees* extended the experience beyond the television screen to include online activities for kids at kidscbc.ca/moblees, and healthy tips and recipes for parents and caregivers at cbc.ca/parents.

Other business matters

The Corporation was awarded top marks for transparency and accountability in November with an "A" grade from the Information Commissioner of Canada, Suzanne Legault, for compliance with the *Access to Information Act*. This is the second year in a row that CBC/Radio-Canada has received the highest grade possible. You can read more here.

In November, CBC/Radio-Canada delivered its annual Environmental Performance Report for the 2013-2014 fiscal year, providing an overview of the new systems, programs and milestones in place to foster an ongoing culture of environmental awareness and sustainability. The full report, along with main highlights, can be viewed here.

In late November, the Annual Public Meeting (APM) took place in Montreal. In addition to a report on the Corporation's business and financial matters, provided by Chair Rémi Racine and President & CEO Hubert T. Lacroix, the APM also featured a robust discussion on the theme, *Transforming to reflect you*, by a panel that included prominent CBC and Radio-Canada on-air personalities. The meeting was live-streamed via the corporate website.

At the end of November, the Corporation filed its first set of reports detailing how CBC/Radio-Canada is delivering on the new regulatory requirements resulting from the new conditions of licence that came into effect in September 2013. These reports demonstrate that, despite financial pressures, the Corporation has managed to meet its new regulatory obligations. The corporate news release may be read here.

As of September 1, 2013, CBC/Radio-Canada has been required under condition of licence to "hold a formal consultation at least once every two years with official language minority communities (OLMCs) located in each of the regions of Atlantic Canada, Ontario, Western Canada, the North and Quebec to discuss issues that affect their development and vitality." On October 22 and 23, French Services held its second formal consultation in Sudbury for the Ontario region (Edmonton was the hosting town for the first consultation, held in spring 2014, for the Western side of the country). Radio-Canada will report on the Sudbury consultation in the 2014-2015 annual report to be filed with the CRTC on November 30, 2015.

In keeping with one of the new strategic priorities within *A space for us all*, Radio-Canada joined forces with Fox International Content Sales in October to enrich its lineup of National Geographic programming. The new catalogue made available under the agreement will provide content for ICI EXPLORA and the educational platform Curio.ca. Other productions currently in development may also eventually be added to the TV offering.

Meanwhile, the content-sharing agreement between CBC News and The Weather Network began in December 2014. The agreement stipulates that The Weather Network will provide content for national weather forecasts on select CBC News television properties, while The Weather Network will gain access to CBC News weather-related stories, analysis, and video content for use across its platforms.

Looking ahead

As the Official Broadcaster for the Toronto 2015 Pan Am and Parapan Am Games this coming summer, CBC/Radio-Canada will be providing daily, multiplatform coverage as our Canadian athletes go for gold against the top competitors from Latin America, South America, the Caribbean and North America.

On February 25, 2015, Radio Canada International (RCI) will celebrate its 70th anniversary. After decades of broadcasting its content on shortwave and satellite, RCI began a digital transition, in 2012, to become a multilingual web service (RCInet.ca is available in English, French, Spanish, Arabic, and Mandarin). It has the same mission of helping audiences learn about, and gain a better understanding of, democratic and cultural life and values in Canada. RCI's web content includes daily columns, interviews and reports, weekly web series, interactive feature reports, an e-zine, and an active social media presence. For this special anniversary, RCI is inviting audiences to share stories, anecdotes, photos, audio recordings and/or articles that speak to the shift in RCI's services, along with their role and relevance.

1. Performance Update

Our key performance indicators (KPIs), discussed below, fall into two categories:

Strategic indicators include survey results regarding fulfillment of our mandate and the degree to which programming adheres to our guiding principles. They also include measures of our Canadian content on television.

Operational indicators include measures of audience share, website visitors, subscriber counts and revenue generation for English and French Services.

Further details are provided in our 2013-2014 Annual Report.

1.1 Strategic Indicators

Measuring our success for the 2014-2015 fiscal year

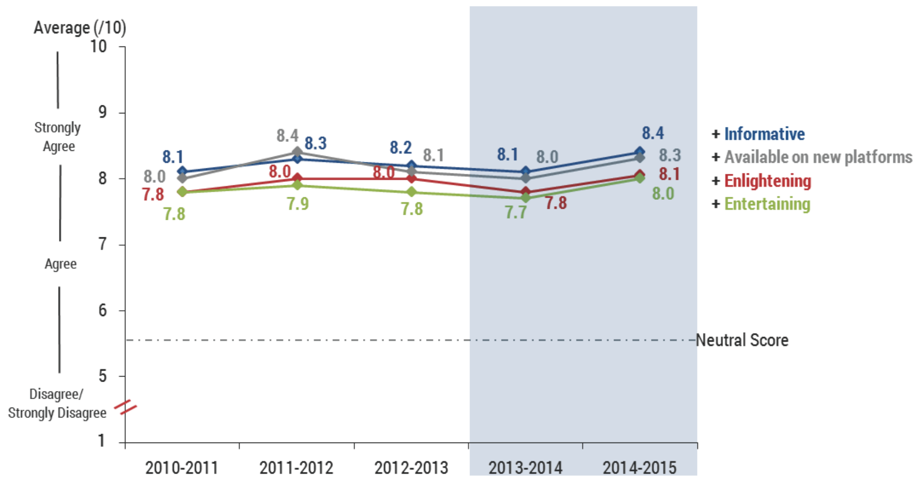
The establishment of metrics to track and assess our performance is essential to demonstrate our accountability to Canadians. We have developed a report card that allows us to monitor how well our services fulfill the Corporation's mandate under the 1991 *Broadcasting Act*, as well as to measure the performance of our programming with respect to quality, distinctiveness, and its ability to reflect and draw Canadians together. Starting in November 2012, we began measuring the extent to which our information programming reflects a diversity of opinions and covers major issues in a fair and balanced way. All this information is obtained from surveys conducted among representative samples of Canadians.

On the following pages is the interim report card for the 2014-2015 fiscal year. Management's comments focus on the significant variances between the most recent results (i.e. scores recorded in November 2014 compared to the ones obtained in November 2013). For comparison purposes, note that only differences of 0.3 points or greater between November 2014 and November 2013 results are statistically significant.

Report on French Services

How does French Services fulfill CBC/Radio-Canada's mandate under the *Act*?[11]

Radio-Canada's French-language Radio and Television Programming is...



Metric Definition: Average score refers to the average of the scores given by all respondents on a 10-point scale.

Differences between November 2014 and November 2013 results are statistically significant if equal to or greater than 0.3 points.
They are presented as follows: *Decrease* – *Stable* *Increase* +

Management's Comments

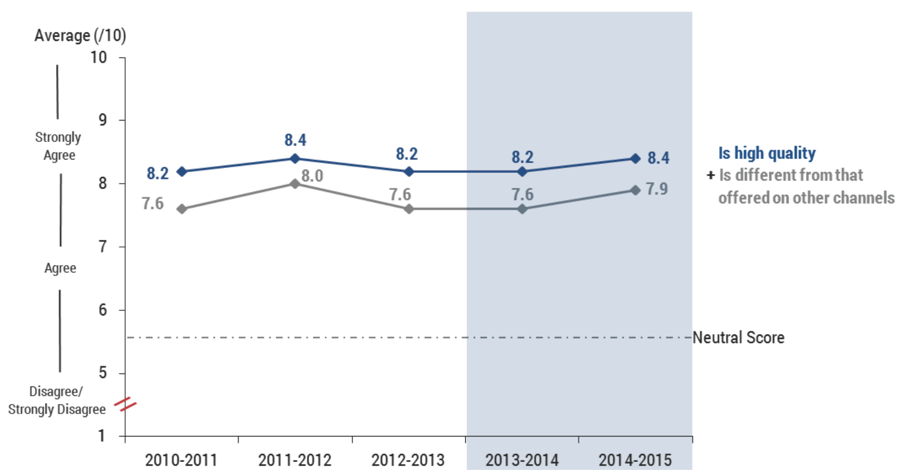
More Francophones now believe that CBC/Radio-Canada's French Services is fulfilling the Corporation's mandate under the 1991 *Broadcasting Act*.

Compared to November 2013, each dimension measuring how well French Services performed in the delivery of the Corporation's mandate showed significant improvement (+0.3 points). Radio-Canada's high scores of over 8 points confirm that Francophones support the Corporation. Overall, these are the best results Radio-Canada has achieved since November 2010.

How does French Services' programming perform?[11]

Radio-Canada's Programming[1]...

Original, Innovative, Quality Canadian Content



Metric Definition: Weighted averages of the perception scores obtained by each individual service on a 10-point scale.

[1]Programming and content offered on any of our services, i.e., ICI Radio-Canada Télé, ICI RDI, ICI ARTV, ICI Radio-Canada Première, ICI Musique, ICI Radio-Canada.ca and ICI Tou.tv.
Differences between November 2014 and November 2013 results are statistically significant if equal to or greater than 0.3 points.
They are presented as follows: *Decrease* – *Stable* *Increase* +

Management's Comments

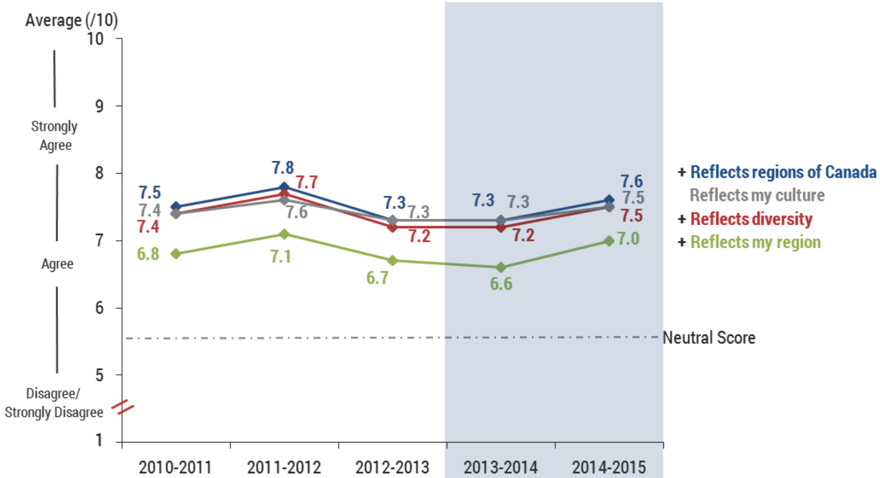
Francophones continue to respond positively to initiatives French Services has announced or introduced.

Compared to November 2013, perceptions of the distinctive character of Radio-Canada's programming rose by 0.3 points (from 7.6 to 7.9), while the quality indicator remained stable with a high score of 8.4.

[11]Source: Mission Metrics Survey, TNS Canadian Facts (1,200 Francophones per survey). Surveys are conducted in November of each year.

Radio-Canada's Programming[1]...

Reflects/Draws Canadians Together



Metric Definition: Weighted averages of the perception scores obtained by each individual service on a 10-point scale.

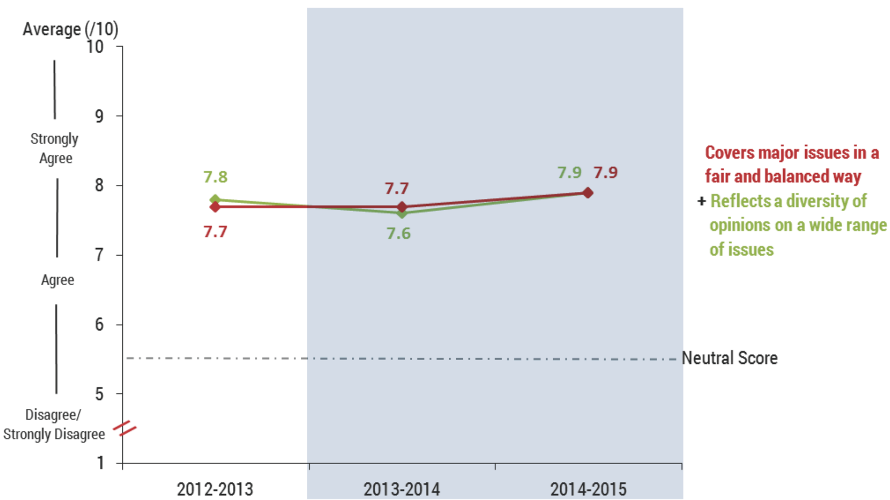
[1]Programming and content offered on any of our services, i.e., ICI Radio-Canada Télé, ICI RDI, ICI ARTV, ICI Radio-Canada Première, ICI Musique, ICI Radio-Canada.ca and ICI Tou.tv.
Differences between November 2014 and November 2013 results are statistically significant if equal to or greater than 0.3 points.
They are presented as follows: *Decrease* - *Stable* *Increase* +

Management's Comments

Compared to November 2013, Francophones gave significantly higher scores for the following three dimensions measuring Radio-Canada's ability to reflect and draw Canadians together:
- Reflects regions of Canada (7.6; +0.3 points);
- Reflects diversity (7.5; +0.3 points);
- Reflects my region (7.0; +0.4 points).

Does French Services' information programming reflect a diversity of opinions and cover major issues in a fair and balanced way?[12]

Radio-Canada's Information Programming[1]...



Metric Definition: Average score refers to the average of the scores given by all respondents on a 10-point scale.

[1]Radio, television or online information programming and content.
Differences between November 2014 and November 2013 results are statistically significant if equal to or greater than 0.3 points.
They are presented as follows: *Decrease* - *Stable* *Increase* +

Management's Comments

Information programming produced by French Services continues to be perceived favourably.

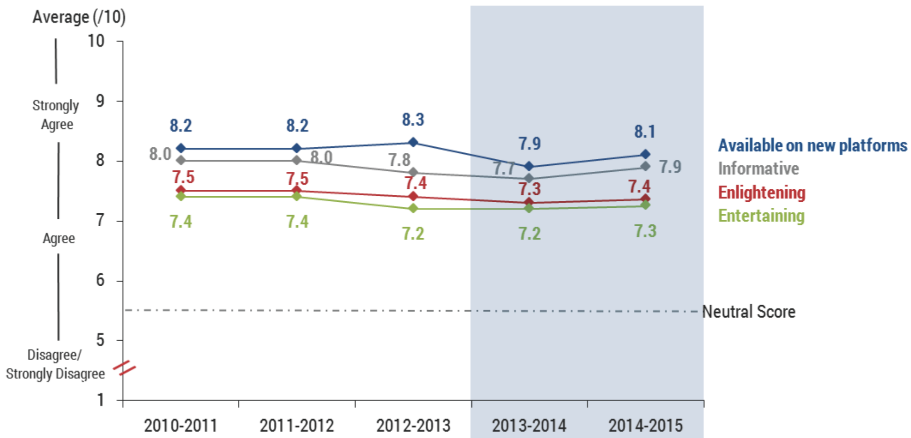
Compared to November 2013, the average score of French Services' information programming's ability to "reflect a diversity of opinions on a wide range of issues" increased significantly, by 0.3 points (7.9). Francophones' perception of how well Radio-Canada "covers major issues in a fair and balanced way" remained relatively stable (7.9).

[12]Source: Mission Metrics Survey, TNS Canadian Facts (1,200 Francophones per survey). Surveys are conducted in November of each year.

Report on English Services

How does English Services fulfill CBC/Radio-Canada's mandate under the *Act*?(13)

CBC's English-Language Radio and Television Programming is...



Metric Definition: Average score refers to the average of the scores given by all respondents on a 10-point scale.

Differences between November 2014 and November 2013 results are statistically significant if equal to or greater than 0.3 points.
They are presented as follows: ***Decrease*** - ***Stable*** ***Increase*** +

Management's Comments

Anglophone Canadians continue to believe that CBC/Radio-Canada's English Services is meeting the Corporation's mandate under the 1991 *Broadcasting Act*.

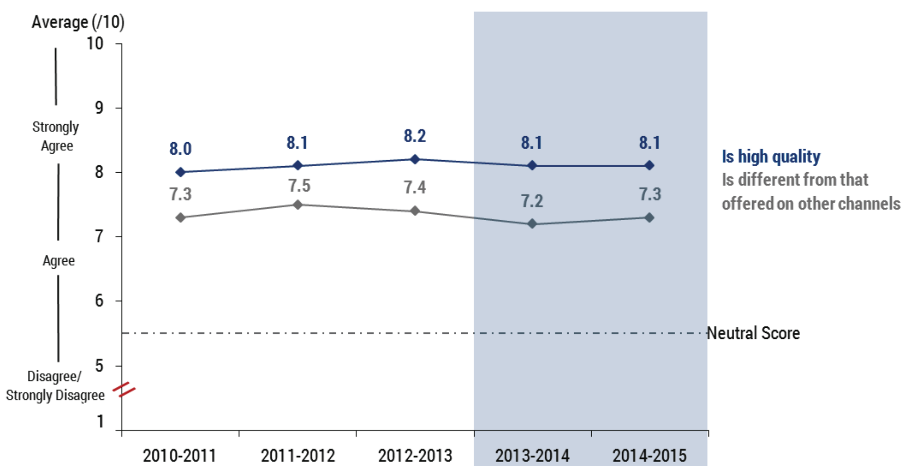
As in the past, Anglophones' perception of English Services' radio and television programming is most positive for being "Available on new platforms" (8.1) and "Informative" (7.9).

All four indicators measuring how well English Services fulfills CBC/Radio-Canada's mandate maintained the results obtained in November 2013.

How does English Services' programming perform?(13)

CBC's Programming[1]...

Original, Innovative, Quality Canadian Content



Metric Definition: Weighted averages of the perception scores obtained by each individual service on a 10-point scale.

[1]Programming and content offered on any of our services, i.e., CBC Television, CBC News Network, **bold** (November 2010 and 2011 only), *documentary*, CBC Radio One, CBC Radio 2, and CBC.ca.
Differences between November 2014 and November 2013 results are statistically significant if equal to or greater than 0.3 points.
They are presented as follows: ***Decrease*** - ***Stable*** ***Increase*** +

Management's Comments

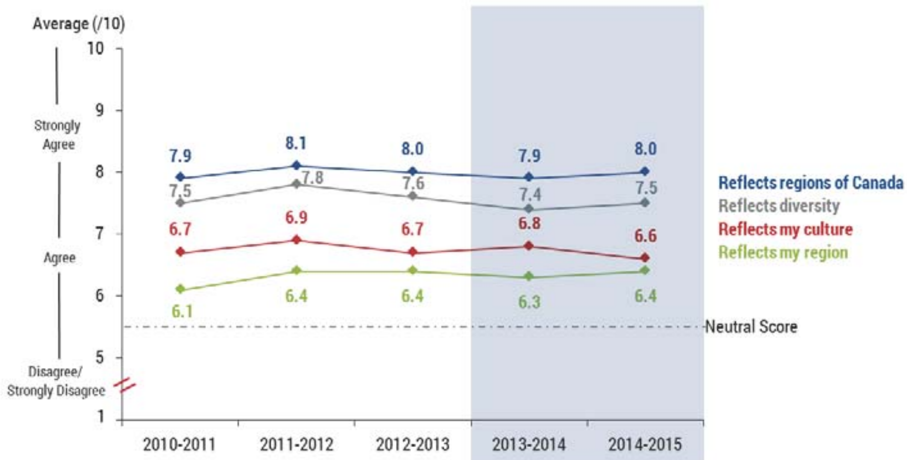
English Services' programming continues to receive high scores from Anglophones for being of high quality and different from content offered by others.

Compared to November 2013, Anglophones' average perception scores were maintained in November 2014.

(13)Source: Mission Metrics Survey, TNS Canadian Facts (1,200 Anglophones per survey). Surveys are conducted in November of each year.

CBC's Programming[1]...

Reflects and Draws Canadians Together



Metric Definition: Weighted averages of the perception scores obtained by each individual service on a 10-point scale.

[1]Programming and content offered on any of our services, i.e., CBC Television, CBC News Network, **bold** (November 2010 and 2011 only), *documentary*, CBC Radio One, CBC Radio 2, and CBC.ca.

Differences between November 2014 and November 2013 results are statistically significant if equal to or greater than 0.3 points.

They are presented as follows: *Decrease* - *Stable* *Increase* +

Management's Comments

English Services' programming continues to "Reflect and Draw Canadians Together", with all four scores from November 2013 being maintained in November 2014.

Overall, Anglophones continue to be most positive towards English Services' ability to "Reflect regions of Canada" (8.0) and "Reflect Diversity" (7.5) in its programming.

Does English Services' information programming reflect a diversity of opinions and cover major issues in a fair and balanced way?[14]

CBC's Information Programming[1]...

Metric Definition: Average score refers to the average of the scores given by all respondents on a 10-point scale.

[1]Radio, television or online information programming and content.

Differences between November 2014 and November 2013 results are statistically significant if equal to or greater than 0.3 points.

They are presented as follows: *Decrease* - *Stable* *Increase* +

Management's Comments

Compared to the previous year, Anglophones' positive perception towards English Services' information programming has been maintained in November 2014, with both metrics receiving average scores above 7 points.

Overall, Anglophones agree that English Services' information programming "Covers major issues in a fair and balanced way" (7.5) and "Reflects a diversity of opinions on a wide range of issues" (7.3).

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[14]Source: Mission Metrics Survey, TNS Canadian Facts (1,200 Anglophones per survey). Surveys are conducted in November of each year.

Measuring our Canadian content

Regulatory requirements for Canadian content on television are specified by the Canadian Radio-television and Telecommunications Commission (CRTC), which sets conditions of licence for ICI Radio-Canada Télé and CBC Television.[(15)] For the whole broadcast day, a minimum of 75% Canadian content is expected. For prime time, a minimum of 80% Canadian content is expected. Both measures are averages over the entire broadcast year from September 1 to August 31. As shown in the table below, in the previous two full broadcast years, ICI Radio-Canada Télé and CBC Television exceeded the CRTC's Canadian content conditions of licence/expectations, both over the whole day and in prime time.

Canadian content		Yearly Regulatory Expectations[1]/ Conditions of Licence[2]	Results Sep. 1, 2013 to Aug. 31, 2014	Results Sep. 1, 2012 to Aug. 31, 2013
ICI Radio-Canada Télé				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	75%	89%	84%
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	80%	90%	91%
CBC Television				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	75%	94%	93%
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	80%	91%	86%

[1] Through 2012-2013 broadcast year, Canadian content levels were an "expectation."

[2] Starting in 2013-2014 broadcast year, Canadian content levels are a "condition of licence."

[(15)] Effective September 1, 2013, the CRTC's May 2013 decision renewing the licences for our TV services, ICI Radio-Canada Télé and CBC Television has established conditions of licence regarding the airing of Canadian content. Prior to the 2013-2014 broadcast year, these had been set out as expectations of service.

1.2 Operational Indicators

In addition to monitoring the overall performance of *Strategy 2015* (see Strategic Indicators in section 1.1), we have developed key performance indicators (KPIs) for our services.

These indicators are critical to measuring our progress towards achieving our strategic business objectives and operational plans, and we formulate them every year as part of the media lines' business plans.

Operational indicators include measures of audience share, website visits, subscriber counts and revenue generation.

French Services

Apart from self-generated revenue, Radio-Canada's results to date are on track to meet or exceed 2014-2015 targets.

ICI Radio-Canada Première and ICI Musique recorded a combined share of 21.4% in 2014-2015. This result is above target and similar to the 21.5% all-time high achieved in 2013-2014. At 19.2%, ICI Radio-Canada Première's morning-show audience share is almost on target.

As of December 31, ICI Radio-Canada Télé is on track to meet its annual target with a 19.8% prime-time audience share, despite fierce competition in the French-language market. The network benefited from a robust fall program schedule featuring returning favourites that regularly reached over one million viewers, new shows that were well received by audiences (*Nouvelle adresse*), and signature events, such as the comedic retrospective *Bye Bye 2014*, that brought Canadians together.

At the regional level, many Canadians visited ICI Radio-Canada.ca regional webpages to get access to our extensive coverage of the attacks in Saint-Jean-sur-Richelieu and Ottawa last October. These events had an impact on Radio-Canada's total monthly average unique visitors, which are trending on target. The regional TV newscasts' weekly average viewers per minute are tracking below target, but remain consistent with our 2013-2014 performance. Viewership is expected to increase throughout the winter months.

As of December 31, ICI EXPLORA is maintaining a steady performance and currently surpassing its subscribers' annual target, while ICI RDI's subscriber base is tracking on target. In the meantime, ICI ARTV has fewer subscribers than expected, in part due to a downward revision of data provided by a third party. As of December 31, the 4.9% combined share for ICI RDI, ICI ARTV and ICI EXPLORA is trending slightly below target.

Total self-generated revenue is currently tracking below the annual target as a result of the persistent decline in the Francophone advertising market.

Performance Table – French Services

	Annual Targets 2014-2015	April 1 to December 31, 2014	Annual Results 2013-2014	April 1 to December 31, 2013
Radio Networks				
ICI Radio-Canada Première and ICI Musique				
Full-day audience share[1]	20.6%	21.4%	21.5%	21.5%
Television				
ICI Radio-Canada Télé				
Prime-time audience share fall/winter season[2]	20.0%	19.8%	20.6%	21.5%
ICI RDI, ICI ARTV, ICI EXPLORA				
All-day audience share April-March[2]	5.0%	4.9%	5.0%	5.2%
Regional				
ICI Radio-Canada Première				
Morning show audience share Monday-Friday 6-9 a.m.[1]	19.5%	19.2%	20.9%	20.9%
Téléjournal 18h				
Average viewer per minute weekly average Monday-Friday 6-6:30 p.m. fall/winter season[2]	0.350 million	0.327 million	0.355 million	0.324 million
Regional web pages				
Monthly average unique visitors April-March[3]	0.592 million	0.712 million	0.660 million	0.692 million
Web				
ICI.Radio-Canada.ca, ICI.Tou.tv, ICIMusique.ca, RCInet.ca, ICI.ARTV.ca and ICI.EXPLORAtv.ca				
Monthly average unique visitors April-March[3]	1.8 million	1.8 million	2.0 million	2.0 million
Specialty Television Channels				
ICI RDI				
Subscribers	11.1 million	11.1 million	11.1 million	11.1 million
ICI ARTV				
Subscribers	2.0 million	1.9 million	2.0 million	2.0 million
ICI EXPLORA				
Subscribers	0.5 million	0.6 million	0.5 million	0.4 million
Revenue[4]				
Conventional, specialty, online	$246.1 million	$176.5 million	$243.3 million	$184.8 million

[1]Source: Numeris (BBM Canada), spring and fall surveys (diary), Francophones aged 12 years and older. Full-day audience share: Results for Francophone radio stations, in markets served by a Radio-Canada base station. Morning show audience share: Results for all Francophones in markets served by a Radio-Canada base station.

[2]Source: Numeris (BBM Canada), Portable People Meter (PPM), Francophones in Quebec (specialty channels: Francophones in Quebec that subscribe to a television distribution service), aged 2 years and older. 2014-2015 results to date: as of January 4, 2015.

[3]Source: comScore, persons aged 2 years and older.

[4]Revenue for ICI ARTV is reported at 100% although CBC/Radio-Canada owns 85%. Includes revenue from LPIF, a fund created by the CRTC to support local programming. Amounts reflect the phase-out of the fund over three years ending August 31, 2014.

English Services

English Services is trending to exceed or meet several targets set for its 2014-2015 key performance indicators by year-end, while experiencing underperformance on others.

For CBC Radio, the 2014 fall diary survey continued its recent trend of increasingly positive results. CBC Radio One and CBC Radio 2 combined to achieve a total audience share of 18.1%, which significantly exceeded the target and which also represented a three percentage point increase over the prior year's performance.

CBC Television's six day, regular season, prime-time audience share, by contrast, is trending below target. The removal of popular foreign programming in the early prime slot for the fall season, as well as a general decline in viewership, has contributed to a share that is trending to more than one percentage point below target.

CBC News Network's audience share has remained consistent throughout the year to date, trending within one tenth of a share point of its target.

Our radio and television regional performance indicators are currently trending below their annual targets. For local radio, audience declines in certain markets contributed to underperformance compared to both target and the prior year. For local television, performance is currently below target, although past history suggests increases in viewership during the winter.

Average monthly unique visitors to regional content pages are trending to exceed expectations, while CBC.ca's number of monthly average unique visitors is trending above both target and the prior year. These results have been driven by events of major international, national and local interest, such as those mentioned above in the Business Highlights section.

Subscriber levels on our specialty television channels are trending well, with both CBC News Network and *documentary* currently achieving expectation.

Revenue for the year is performing well, driven in part by the success of one-time events such as the 2014 FIFA World Cup Brazil.

Performance Table – English Services

	Annual Targets 2014-2015	April 1 to December 31, 2014	Annual Results 2013-2014	April 1 to December 31, 2013
Radio Networks				
CBC Radio One and CBC Radio 2				
All-day audience share[1]	15.6%	18.1%	15.5%	15.5%
Television				
CBC Television				
Regular season, Monday-Sunday[2, 3]	N/A	N/A	8.3%	8.4%
Prime-time audience share				
Regular season, Monday-Friday & Sunday[2, 3]	6.4%	5.5%	N/A	N/A
CBC News Network				
All-day audience share April-March[3]	1.6%	1.5%	1.6%	1.6%
Regional				
CBC Radio One morning shows				
Average weekly hours tuned (Monday-Friday) Regular season[3]	5.2 million	5.0 million	5.2 million	5.5 million
TV supper and late-night news				
Average weekly hours tuned (Monday-Friday) Regular season[3]	3.7 million	3.3 million	3.7 million	3.7 million
Regional web home pages[4]				
Monthly average unique visitors April-March[5]	N/A	N/A	0.941 million	0.95 million
Regional content				
Monthly average unique visitors April-March[5]	3.7 million	4.0 million	N/A	N/A
Web				
CBC.ca				
Monthly average unique visitors April-March[5]	7.0 million	7.3 million	7.1 million	6.8 million
Specialty Television Channels				
CBC News Network				
Subscribers	11.2 million	11.3 million	11.3 million	11.3 million
documentary				
Subscribers	2.7 million	2.7 million	2.7 million	2.7 million
Revenue[6]				
Conventional, specialty, online	$298 million	$263 million	$390 million	$291 million

N/A not available or not applicable.

[1]Source: Numeris (BBM Canada), fall survey (diary), persons aged 12 years and older.

[2]Under a contractual agreement that started during the 2014-2015 Regular Season, on Saturday evenings, CBC broadcasts programming produced and owned by Rogers Communications, over which CBC has no editorial control. As such, this Saturday evening programming is no longer considered as part of the new performance target shown in the table above, nor of actual results for 2014-2015. In 2013-2014 and in prior years, when the programming was either produced or acquired by CBC, this time period was included in performance evaluation.

[3]Source: Numeris (BBM Canada), Portable People Meter (PPM), persons aged 2 years and older. CBC Television, Regular Season 2014-2015 to date, weeks 5-17.
CBC News Network, fiscal year 2014-2015: weeks 32+ for broadcast year 2013-2014 and weeks 1-17 for broadcast year 2014-2015; fiscal year 2013-2014: weeks 32+ for broadcast year 2012-2013 and weeks 1-31 for broadcast year 2013-2014. CBC Radio One Morning Shows: regular season 2014-2015 to date, weeks 1-17. CBC Television Supper & Late Night (Mon-Fri): regular season 2014-2015 to date, weeks 1-17.

[4]Beginning this year, this metric is measured by monthly average unique visitors to any/all regional content, rather than being limited to regional home pages (i.e. landing pages). Changing audience behaviour, such as the trend to accessing content directly by searches or through social media referrals, has taken away the meaningfulness of the landing page concept as a metric in this context. Therefore, the new measurement now accommodates this audience trend.

[5]Source: comScore, persons aged 2 years and older.

[6]Revenue for *documentary* is reported at 100%, although CBC/Radio-Canada owns 82%. Includes revenue from LPIF, a fund created by the CRTC to support local programming. Amounts reflect the phase-out of the fund over three years ending August 31, 2014. Amounts also exclude revenue from the arrangement with Rogers Communications Inc. for the continued airing of *Hockey Night in Canada* for Saturday night and playoff hockey.

2. Capability to Deliver Results

2.1 People and Leadership

This quarter, the People and Culture team remained focused on administering the workforce adjustments resulting from Budget 2014-2015, and those from the first phase of the new five-year strategic plan, *A space for us all*. The team was also engaged in integrating a series of new tools to help performance management, succession planning and recruitment. These tools, which will be put into use throughout the next fiscal year, will reduce expenses and create efficiencies across the department.

Workforce adjustment

Most workforce reductions resulting from Budget 2014-2015 have been fully implemented, with the remaining positions identified and planned for early 2015-2016. For those employees affected by the first phase of the strategic plan, approximately 400 Full-Time Equivalent (FTE) positions, most were notified in November.

Organizational development

Two projects, aimed at reducing hiring costs and increasing efficiencies, were launched: an employee skills development module, and a candidate testing platform. The former will increase our internal recruiting activities, while the latter will automate some of our candidate tests.

This quarter, CBC/Radio-Canada launched a national bilingual learning site accessible to all employees; completed the initial rollout of digital skills training for leaders; and implemented the rollout of English and French language training, with comparatively high levels of participation compared to the last two years. We also delivered organization development support for strategic projects, and launched the leadership development pilot, all while maintaining a focus on our Respect in the Workplace initiative. All of this supports the successful implementation of *A space for us all*. HR systems have also been a focus area, with negotiations underway to improve efficiency and effectiveness of our performance management, succession, and engagement tools and processes.

Labour relations and talent agreements

On September 19, 2014, the Canada Industrial Relations Board (CIRB) ruled that the existing French Services bargaining units were no longer appropriate for collective bargaining. In light of this decision, the Corporation applied to the CIRB on December 17 to suspend all current and pending negotiations with the French Services unions. For more details, refer to Outlook and Risk Update in section 3.3.

In November 2014, CBC/Radio-Canada and the Société des auteurs de radio, télévision et cinéma (SARTEC) agreed to renew their collective agreement for a four-year term, running from July 10, 2012 to July 17, 2016. The new agreement is effective December 1, 2014, and will increase minimum fees by 1.5% in each year of the contract, non-retroactively.

During the quarter, Jian Ghomeshi's lawsuit for breach of confidence, bad faith and defamation in connection with CBC's termination of the employment relationship was dismissed. This matter is now being heard through the union arbitration process.

The Corporation has hired an independent investigator, Janice Rubin, B.A., LL.B., to look into allegations of improprieties in the workplace and to review our existing policies and procedures. We expect her report to be delivered in the fourth quarter.

Staff engagement

The 2013 President's Awards were announced this quarter, with employees from across the country recognized for their outstanding contribution to CBC/Radio-Canada.

In November, CBC/Radio-Canada was one of 10 Canadian organizations selected to receive The Learning Partnership's 2014 Canada's Outstanding Employer Award for its participation in Take Our Kids to Work Day 2014. Organized primarily by volunteers, numerous CBC/Radio-Canada locations across the country participated in this annual opportunity to host grade nine students in the workplace.

The fifth edition of the staff forum, Challenge Us!, was held in Montreal on November 4 and 5. One hundred and fifty employees from across the country came together to look at ways to put *A space for us all* into action in the day-to-day life of the Corporation. The results for the brainstorming were compiled, and were presented to the Senior Executive Team in the new year.

Part of CBC/Radio-Canada's holiday tradition is for staff to engage in programming and volunteer efforts for fundraising and awareness-raising activities. From turkey drives to food bank collections, fundraising events to special performances to bring festive cheer, the public broadcaster was once again fully engaged in local Canadian communities during what can be a challenging season for some. Over the course of November and December, we raised more than $7,770,500 in cash donations, and collected more than 415,600 lbs. of food and 12,000 turkeys for Canadians in need. You can read more about the different initiatives here.

Governance

Changes to Board of Directors

On October 9, 2014, Ms. Sonja Chong was appointed to the CBC/Radio-Canada Board of Directors for a five-year term. Ms. Chong replaces Peter D. Charbonneau, a Board member since December 2008, who most recently served as the Chair of the Corporation's Audit Committee, amongst other responsibilities.

CBC/Radio-Canada Board member George T.H. Cooper completed his final term at the end of October. Mr. Cooper had served on the Board of Directors since May 2008. His position is now vacant.

Changes in Executive Management

In January 2015, Suzanne Morris left the post of Vice-President and Chief Financial Officer following six years with the public broadcaster. In the meantime, Suzanne's responsibilities have been taken up on an interim basis by Michael Mooney, Executive Director, Finance and Administration, Corporate Finance, until a permanent replacement is named.

Journalistic Standards and Practices

CBC/Radio-Canada holds itself to the highest standards of journalistic integrity. Our standards and practices are among the most rigorous in Canadian media.

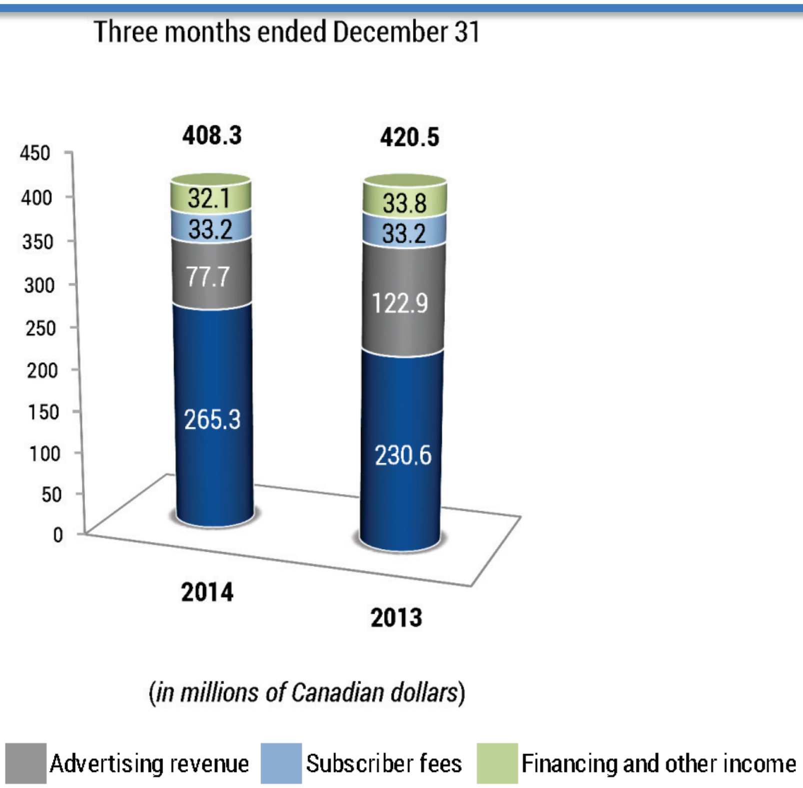
As of January 2015, at CBC/Radio-Canada, any on-air journalist who wishes to accept an invitation to speak, to moderate debates or to take part in other public appearance must make sure that the activity does not represent any real or perceived conflict of interest. He or she must also get permission from his or her supervisor to do so.

Given that paid appearances can create an adverse impact on the Corporation, CBC/Radio-Canada will no longer approve paid appearances by its on-air journalistic employees. In order to further our commitment to transparency, we will continue to disclose all appearances on our websites.

2.2 Resource Capacity

We have four sources of direct funding: government appropriations for operating and capital expenditures, advertising revenue, subscriber fees, and financing and other income.

REVENUE AND SOURCES OF FUNDS



For detailed year-to-date variance analysis, see Results and Outlook in section 3.

Government funding

Government funding recognized was approximately 65% of total revenue and sources of funds in the third quarter of 2014-2015. This included $25.0 million of amortization of deferred capital funding.

The federal government announced funding reductions in Federal Budget 2012, which were phased in over three years. Our share of these reductions is now $115.0 million annually. By the end of the current fiscal year, total government funding is expected to be $45.5 million less than last year, also reflecting a decrease in our parliamentary operating appropriation to $929.3 million this year.

A freeze of salary inflation funding for fiscal years 2014-2015 and 2015-2016 was confirmed by the government in its November 2013 Economic Update. This means that any salary increases for CBC/Radio-Canada employees have to be managed through cost reductions in other areas. For an average salary increase of 1.5%, the Corporation would need to find $14.0 million in cost savings each year.

Advertising revenue

We generate revenue by selling advertising on our conventional and specialty television channels, on CBC Radio 2, ICI Musique and other platforms. In the third quarter of 2014-2015, advertising revenue accounted for approximately 19% of our total revenue and sources of funds. Advertising revenue is decreasing as a proportion of our total revenue and sources of funds as a result of the end of our broadcast rights contract with the NHL in June 2014. The end of this contract has also resulted in lower associated costs for program rights and production.

Advertising revenue in the third quarter is normally higher than in the second quarter, reflecting the seasonality of the broadcast schedule.

Subscriber fees

Subscriber fees from our specialty services – CBC News Network, *documentary*, ICI EXPLORA, ICI ARTV, ICI RDI, the new ICI Tou.tv Extra premium package and Curio.ca – generated approximately 8% of total revenue and sources of funds in the third quarter of 2014-2015.

Financing and other income

Financing and other income includes contributions from the Local Programming Improvement Fund (LPIF) and the Canada Media Fund (CMF). It also includes income from activities such as program sales, rental of mobile broadcasting vehicles to external parties, rental of real estate assets, leasing of space at our transmission sites and merchandising. These sources of income collectively accounted for approximately 8% of total revenue and sources of funds in the third quarter of 2014-2015 (9% of total revenue and sources of funds for the first nine months of 2014-2015).

Borrowing authority

The *Broadcasting Act*, section 46(1), confers on CBC/Radio-Canada the authority to borrow up to $220.0 million, or such greater amount as may be authorized by Parliament, subject to approval of the Minister of Finance. Section 54(3.1) of the *Act* requires that our borrowing plan be included in our Corporate Plan for the approval of the Minister of Finance.

In September 2014, the Minister provided us with approval in principle of up to $25.0 million borrowing in aggregate during 2014-2015. Guidelines established by the Department of Finance limit our borrowing activities to short-term initiatives with a payback period of six years or less. Borrowing to meet working capital purposes is prohibited.

Under the *Broadcasting Act*, section 47(1), we are an agent of the Crown and therefore have the constitutional immunities, privileges and prerogatives that are enjoyed by the Crown. The Crown is also fully liable and financially exposed for all our actions and decisions while we are operating within our mandate. In other words, our assets and liabilities are the assets and liabilities of the Government of Canada.

3. Results and Outlook

3.1 Results

Summary – net results

(in thousands of Canadian dollars)	For the three months ended December 31			For the nine months ended December 31		
	2014	2013	% change	2014	2013	% change
Revenue	142,971	189,897	(24.7)	473,692	501,616	(5.6)
Expenses	(416,216)	(460,893)	(9.7)	(1,248,660)	(1,315,372)	(5.1)
Government funding	265,305	230,585	15.1	641,237	750,959	(14.6)
Results before non-operating items	(7,940)	(40,411)	(80.4)	(133,731)	(62,797)	113.0
Non-operating items	1,988	(286)	N/M	41,003	(2,560)	N/M
Net results for the period	(5,952)	(40,697)	(85.4)	(92,728)	(65,357)	41.9
Results on a current operating basis[1]	15,394	(15,841)	N/M	(51,958)	(6,988)	N/M

N/M = not meaningful

[1] Results on a Current Operating Basis is a non-IFRS measure. A reconciliation of net results to Results on a Current Operating Basis is provided below.

IFRS results

Revenue decreased by $46.9 million (24.7%) this quarter, and by $27.9 million (5.6%) year-to-date when compared to 2013-2014, mostly due to lower advertising revenue following the end of our broadcast rights with the National Hockey League (NHL). Our advertising revenue has also been affected by a weaker advertising market relative to last year. Lower revenue this quarter was partially mitigated on a year-to-date basis by revenue earned from broadcasting the 2014 FIFA World Cup Brazil.

Expenses were lower by $44.7 million (9.7%) compared to the same period last year, and by $66.7 million (5.1%) year-to-date. Our lower costs reflect reduced programming costs following the end of our contract with the NHL, as well as the continuation of cost-reduction initiatives across the Corporation. These decreased expenses were partially offset by severance costs associated with workforce reduction initiatives announced in the first and third quarters, and on a year-to-date basis these reductions were further offset by production costs incurred to broadcast the 2014 FIFA World Cup.

This year, the timing of our drawdowns and recognition of government funding in income have varied when compared to 2013-2014. These differences were due to a change in cash flow requirements following the receipt of proceeds from the sale of a portion of our equity interest in Sirius XM Canada Holdings Inc., and other movements in working capital earlier this year. As a result, we drew down comparatively more funding in the third quarter and less funding in the first two quarters of the year. While the year-to-date drawdowns are lower than in the same period last year, by year-end total government funding is expected to be $45.5 million less, consistent with the last instalment of reductions announced in Federal Budget 2012.

Results before non-operating items amounted to a loss of $7.9 million this quarter. Non-operating gains of $2.0 million reduced the reporting loss to $6.0 million. The most significant non-operating gain in the quarter resulted from disposing of a property in Yellowknife. On a year-to-date basis, results before non-operating items amounted to a loss of $133.7 million. Non-operating gains on $41.0 million reduced the reported loss to $92.7 million. The most significant non-operating gain resulted from the disposal of a portion of our investment in the share capital of SiriusXM for a gain of $33.5 million. Also included in net results are items that do not currently generate or require funds from operations, as explained below.

Reconciliation of net results under IFRS to Results on a Current Operating Basis

CBC/Radio-Canada defines Results on a Current Operating Basis as Net Results under IFRS, less the adjustments for non-cash expenses that will not require operating funds within one year and non-cash revenues that will not generate operating funds within one year. This measure is used by management to help monitor performance, and balance the Corporation's budget consistent with government funding methodology. We believe this measure provides useful complementary information to readers, while recognizing that it does not have a standard meaning under IFRS and will not likely be comparable to measures presented by other companies.

Adjustments include the elimination of non-cash pension and other employee future benefit costs, which represent the excess of the IFRS expense over the actual cash contribution for the period. Adjustments are also made for other non-cash items such as the depreciation, amortization and decommissioning of capital assets; the amortization of deferred capital funding; and the non-budgetary annual leave. Other less significant items not funded or generating funds in the current period, primarily employee benefit-related, are adjusted for in the reconciliation to Results on a Current Operating Basis.

Results on a Current Operating Basis amounted to a gain of $15.4 million this quarter, an increase of $31.2 million when compared to last year. This increase primarily reflects lower operating costs and higher government funding recognized in income this quarter, consistent with timing differences in the drawdown and recognition of appropriations into income as discussed above in IFRS results. On a year-to-date basis, government funding drawdowns (directly recognized in income) were lower relative to last year by $104.3 million, explaining a significant part of the decrease of our results on a Current Operating Basis to $52.0 million. This decrease in government funding recognized in income, when compared to the same period last year, was offset by additional sources of operating funds this year from the sale of some of our shares in SiriusXM, as well as lower operating costs. Further explanations of these items are provided in the sections below.

(in thousands of Canadian dollars)	For the three months ended December 31			For the nine months ended December 31		
	2014	2013	% change	2014	2013	% change
Net results for the period	(5,952)	(40,697)	(85.4)	(92,728)	(65,357)	41.9
Items not generating or requiring funds from operations						
Pension and other employee future benefits	8,544	12,558	(32.0)	32,427	44,175	(26.6)
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	5,606	4,753	17.9	16,728	12,599	32.8
Non-budgetary annual leave	6,645	7,957	(16.5)	4,652	11,294	(58.8)
Other	551	(412)	N/M	(13,037)	(9,699)	34.4
Results on a current operating basis	15,394	(15,841)	N/M	(51,958)	(6,988)	N/M

N/M = not meaningful

Summary – total comprehensive income (loss)

(in thousands of Canadian dollars)	For the three months ended December 31			For the nine months ended December 31		
	2014	2013	% change	2014	2013	% change
Net results for the period	(5,952)	(40,697)	(85.4)	(92,728)	(65,357)	41.9
Other comprehensive income	31,338	111,649	N/M	89,253	256,968	N/M
Total comprehensive income (loss) for the period	25,386	70,952	N/M	(3,475)	191,611	N/M

N/M = not meaningful

In addition to pension costs included in net results, quarterly remeasurements of the Corporation's pension and other future employee benefit plans resulted in other comprehensive income of $31.3 million this quarter, and $89.3 million year-to-date. This was due to non-cash remeasurements resulting from changes in actuarial assumptions and returns on pension plan assets. For more information, refer to Note 10 of the condensed interim consolidated financial statements.

Revenue

(in thousands of Canadian dollars)	For the three months ended December 31			For the nine months ended December 31		
	2014	2013	% change	2014	2013	% change
Advertising						
English Services	37,960	78,689	(51.8)	165,561	192,408	(14.0)
French Services	39,777	44,258	(10.1)	104,350	109,301	(4.5)
	77,737	122,947	(36.8)	269,911	301,709	(10.5)
Subscriber fees						
English Services	18,739	18,620	0.6	56,318	56,162	0.3
French Services	14,427	14,535	(0.7)	44,376	43,256	2.6
	33,166	33,155	-	100,694	99,418	1.3
Financing and other income						
English Services	14,663	13,328	10.0	45,807	40,334	13.6
French Services	8,479	10,216	(17.0)	25,513	29,992	(14.9)
Corporate Services	8,926	10,251	(12.9)	31,767	30,163	5.3
	32,068	33,795	(5.1)	103,087	100,489	2.6
TOTAL	142,971	189,897	(24.7)	473,692	501,616	(5.6)

The following paragraphs explain the revenue decreases of $46.9 million (24.7%) in the third quarter of 2014-2015 and of $27.9 million (5.6%) in the first nine months of 2014-2015 compared to the same periods last year.

Advertising

English Services' advertising revenue decreased by $40.7 million (51.8%) in the third quarter, and by $26.8 million (14.0%) in the first nine months of 2014-2015 when compared to the same periods last year. The quarterly decrease is mainly due to the loss of advertising revenue following the end of our contract with the NHL. On a year-to-date basis, the impact of the loss of hockey advertising revenue is partly offset by higher revenue from the broadcast of the 2014 FIFA World Cup in June and July.

Advertising revenue for French Services was lower by $4.5 million (10.1%) in the third quarter and by $5.0 million (4.5%) in the first nine months of 2014-2015 when compared to last year. This was mainly attributable to a weaker advertising market. On a year-to-date basis, this decrease in revenue was partly offset by an increase in advertising from our broadcast of the 2014 FIFA World Cup in June and July.

Subscriber fees

Subscriber fees were stable in the third quarter and were higher by $1.3 million (1.3%) in the first nine months compared to last year. The year-to-date increase is a result of the increased popularity of ICI EXPLORA and the launch of the new Extra offer from ICI Tou.tv.

Financing and other income

Financing and other income decreased by $1.7 million (5.1%) in the third quarter, and increased by $2.6 million (2.6%) on a year-to-date basis when compared to last year.

The decrease for the third quarter was due to lower contributions from LPIF, partly offset by additional revenue recognized as a result of our agreement with Rogers for ongoing coverage of *Hockey Night in Canada*, in which CBC provides certain services and airtime to Rogers. These factors also impacted revenue on a year-to-date basis. Additionally, year-to-date revenue increased from the receipt of digital rights revenue from broadcasting the FIFA World Cup and from the FIFA U-20 Women's World Cup, as well as from an increase in retransmission rights and the higher rentals of excess space as we continue to reduce our real estate footprint.

Operating expenses

(in thousands of Canadian dollars)	For the three months ended December 31			For the nine months ended December 31		
	2014	2013	% change	2014	2013	% change
Television, radio and new media services costs						
English Services	212,018	245,493	(13.6)	679,929	717,527	(5.2)
French Services	176,886	186,544	(5.2)	498,194	512,879	(2.9)
	388,904	432,037	(10.0)	1,178,123	1,230,406	(4.2)
Transmission, distribution and collection	17,985	18,611	(3.4)	52,007	53,700	(3.2)
Corporate management	2,380	2,838	(16.1)	7,452	8,097	(8.0)
Payments to private stations	597	503	18.7	1,795	1,771	1.4
Finance costs	7,721	7,678	0.6	22,995	23,245	(1.1)
Share of profit in associate	(1,371)	(774)	77.1	(13,712)	(1,847)	N/M
TOTAL	416,216	460,893	(9.7)	1,248,660	1,315,372	(5.1)

N/M = not meaningful

The following paragraphs describe the operating expenses decrease of $44.7 million (9.7%) in the third quarter and of $66.7 million (5.1%) year-to-date when compared to the same periods last year.

Television, radio and new media services

In the third quarter, English Services' and French Services' expenditures decreased by $33.5 million (13.6%), and $9.7 million (5.2%), respectively. These decreases reflect the impact of the cost-reduction initiatives we implemented across the Corporation. English Services' costs also reflect lower production spending following the end of our agreement with the NHL in June 2014. This quarter's overall decrease in expenses was partly offset by costs recognized under our new agreement with Rogers for the continued broadcast of *Hockey Night in Canada* on Saturday evenings.

On a year-to-date basis, English Services' and French Services' expenses decreased by $37.6 million (5.2%), and $14.7 million (2.9%), respectively. These decreases are in part due to the factors discussed above for the third quarter. However, lower expenses in the third quarter were partially offset on a year-to-date basis by severance costs recognized across the Corporation following restructuring announcements in June and November 2014, and higher production costs from broadcasting the 2014 FIFA World Cup last summer.

Transmission, distribution and collection

Transmission, distribution and collection costs decreased by $0.6 million (3.4%) this quarter, and by $1.7 million (3.2%) on a year-to-date basis, mostly as a result of lower decommissioning costs of analogue TV transmission sites relative to the prior year.

Other operating expenses

The increase in the share of profit in associate line this quarter of 0.6 million (77.1%) was mainly attributable to the receipt of a regular dividend of $1.3 million from our holding in the capital of SiriusXM. On a year-to-date-basis, the higher share of profit in associate by $11.9 million was due to the receipt of a special dividend from SiriusXM of $10.4 million in the first half of the year.

Government funding

(in thousands of Canadian dollars)	For the three months ended December 31			For the nine months ended December 31		
	2014	2013	% change	2014	2013	% change
Parliamentary appropriations for operating expenditures	239,339	202,870	18.0	561,375	665,694	(15.7)
Parliamentary appropriations for working capital	1,000	1,000	-	3,000	3,000	-
Amortization of deferred capital funding	24,966	26,715	(6.5)	76,862	82,265	(6.6)
TOTAL	265,305	230,585	15.1	641,237	750,959	(14.6)

Parliamentary appropriations for operating expenditures increased by $36.5 million (18%) in the third quarter and decreased by $104.3 million (15.7%) on a year-to-date basis compared to the same periods last year. Parliamentary appropriations are recognized based on expected needs.

On a year-to-date basis, the decrease in our need to draw down government funding was due to movements in working capital and the proceeds from the sale of a portion of our equity interest in SiriusXM in the first half of the year. By year-end, government funding recognized for operating expenditures is expected to be $46.3 million less than last year ($45.5 million for total government funding), consistent with implementing the final phase of Federal Budget 2012.

Capital funding is recorded as deferred capital funding. It is amortized and recognized as revenue over the same periods as the related property and equipment, and intangible assets are used in CBC/Radio-Canada's operations.

Non-operating items

(in thousands of Canadian dollars)	For the three months ended December 31 2014	2013	% change	For the nine months ended December 31 2014	2013	% change
Gain on sale of shares	-	-	N/M	33,548	-	N/M
Gain (loss) on disposal of property and equipment and intangibles	1,988	(286)	N/M	7,455	(2,560)	N/M
TOTAL	1,988	(286)	N/M	41,003	(2,560)	N/M

N/M = not meaningful

Non-operating gains of $2.0 million this quarter resulted mainly from the disposal of a property in Yellowknife, Northwest Territories, for a gain of $1.7 million. Other net gains in the quarter were due to asset retirements and disposals as we continue to renew equipment and reduce our real estate footprint. On a year-to-date basis, our gains on disposal of property and equipment also include expected insurance proceeds and the associated write-off of a mobile production vehicle that was destroyed by fire. Additionally, total year-to-date non-operating gains of $41.0 million include the July 2014 sale of our investment in the share capital of SiriusXM, for a gain of $33.5 million.

Total comprehensive income (loss)

(in thousands of Canadian dollars)	For the three months ended December 31 2014	2013	% change	For the nine months ended December 31 2014	2013	% change
Net results for the period	(5,952)	(40,697)	(85.4)	(92,728)	(65,357)	41.9
Other comprehensive income						
Remeasurements of defined benefit plans	31,338	111,649	N/M	89,253	256,968	N/M
Total comprehensive income (loss) for the period	25,386	70,952	N/M	(3,475)	191,611	N/M

N/M = not meaningful

In addition to net results, this quarter's other comprehensive income from remeasurements of our pension and employee benefit plans resulted in total comprehensive income of $25.4 million. On a year-to-date basis, we incurred a total comprehensive loss of $3.5 million. These amounts were driven by significant non-cash fluctuations in our pension plan's obligations and assets, which occur when actual results or interest rates are different from actuarial assumptions. We recognize these changes immediately in other comprehensive income each quarter.

This quarter's other comprehensive income of $31.3 million resulted from a higher return on plan assets than we used in our assumptions.

Further information on our pension plan is provided in Note 10 of our condensed interim consolidated financial statements.

3.2 Financial Condition, Cash Flow and Liquidity

Our cash flows from operating, financing and investing activities for the third quarter ended December 31, 2014, are summarized in the following table. Our cash balance on December 31, 2014, was $115.9 million, compared to $62.0 million on March 31, 2014.

Cash position

(in thousands of Canadian dollars)	For the three months ended December 31			For the nine months ended December 31		
	2014	2013	% change	2014	2013	% change
Cash - beginning of the period	92,765	81,647	13.6	61,974	51,459	20.4
Changes in period						
Cash from (used in) operating activities	28,764	(29,256)	N/M	10,276	(5,784)	N/M
Cash used in financing activities	(25,821)	(26,059)	(0.9)	(55,471)	(55,328)	0.3
Cash from investing activities	20,232	8,294	N/M	99,161	44,279	N/M
Net change	23,175	(47,021)	N/M	53,966	(16,833)	N/M
Cash - end of the period	115,940	34,626	N/M	115,940	34,626	N/M

N/M = not meaningful

Cash from (used in) operating activities

Cash from operating activities was $28.8 million this quarter, compared to cash used in operations of $29.3 million in the third quarter last year. On a year-to-date basis, we have generated cash from operations of $10.3 million, compared to cash used of $5.8 million over the equivalent period last year. Cash from operations is impacted by normal fluctuations in working capital. In addition, this year we have drawn down government appropriations later in the year relative to 2013-2014. This has contributed to the current quarter's higher cash from operations relative to the third quarter last year. On a year-to-date basis, higher cash from operations despite the delayed drawdown of government funding was due to additional operating cash from our coverage of the Sochi Olympics and from the sale of a portion of the shares we hold in Sirius XM Canada Holdings Inc. (SiriusXM).

Cash used in financing activities

Cash outflows for financing activities were consistent with last year in both the third quarter and on a year-to-date basis. Cash used of $25.8 million in the third quarter and $55.5 million on a year-to-date basis was for interest, semi-annual repayments of the Toronto Broadcasting Centre bonds, payments of notes payable and to meet our obligations under finance leases.

Cash from investing activities

Investing activities generated cash of $20.2 million this quarter, compared to $8.3 million in the third quarter last year. This increase in cash from investing activities was in part due to an additional $5.0 million in parliamentary appropriations drawn down to fund capital expenditures when compared to the third quarter last year. The remainder of the increase in cash from investing activities this quarter was mainly due to higher proceeds from the disposal of property and equipment. Higher cash from investing activities of $99.2 million year-to-date compared to $44.3 million over the same period last year was in part due to the receipt of $33.5 million in net proceeds from the July 2014 sale of a portion of the shares that we hold in SiriusXM. In addition, we have received a further $10.3 million in dividends this year from SiriusXM relative to last year. Finally, the higher proceeds from disposing property and equipment also contributed to the increase in cash from investing activities on a year-to-date basis.

3.3 Outlook and Risk Update

CBC/Radio-Canada faces a volatile economy in a highly competitive media environment. While we have addressed budget shortfalls during 2014-2015, we must continue to be prudent in our financial planning to address any potential risks to our revenue and operations.

As we announced on April 10, 2014, we needed to cut $130 million from our budget, which included eliminating 657 full-time positions. Most of these positions have now been eliminated. Our financial plan will be closely monitored and adjusted as required. Success depends on achieving our targets for revenue generation and cost reductions, and on the strength of the advertising market.

On June 26, 2014, we unveiled our new strategy, *A space for us all,* which will allow us to continue to adapt and keep pace in a volatile environment. It is a framework within which the Corporation can make strategic choices, even as market conditions and audience habits evolve. The three priority areas are relevance, organizational agility and financial sustainability.

CBC/Radio-Canada must create a sustainable financial model that includes a manageable cost structure, an adequate and reliable income stream, and enough free cash flow to invest in the future. Our financial plan supports *A space for us all* through four objectives:

- Reduce the fixed cost base to balance the budget for the foreseeable future;
- Create a reserve to help manage financial risk or to invest in strategic initiatives;
- Reinvest in line with strategic priorities; and
- Diversify revenues and share risks through partnerships.

A detailed review of proposed savings has been completed, and a comprehensive, five-year financial plan was approved by the Board of Directors in November 2014. Most of the 400 full-time position reductions from the first implementation phase of the strategic plan, announced on October 30, were notified before the end of November.

CBC's broadcast and digital rights contract with the National Hockey League (NHL) ended in June 2014. Rogers Communications Inc. (Rogers) was granted exclusive hockey broadcast rights for the next 12 years, beginning with the 2014-2015 hockey season. On November 25, 2013, the Corporation reached an agreement with Rogers for the continued airing of *Hockey Night in Canada* (*HNIC*) for Saturday night and playoff hockey. Under this arrangement, we continue to broadcast *HNIC*, for the next four years, but no longer pay rights costs or retain the associated advertising revenue. We also provide production resources for the games aired on CBC, and retain ownership of the *HNIC* brand.

The government confirmed that it was reintroducing a salary inflation funding freeze for fiscal years 2014-2015 and 2015-2016. The impact of this has been accounted for in our recently announced reductions.

The Canadian Radio-television and Telecommunications (CRTC) policy review, *Let's Talk TV,* may lead to regulatory changes affecting our television operations, and impact advertising and subscription revenues. In our submission to CRTC's *Let's Talk TV* proceeding, and during our September 12, 2014 appearance at the CRTC public hearing, CBC/Radio-Canada focused on industry-wide solutions and highlighted the following two key points:

- We support the new consumer-friendly framework that the CRTC and government have proposed, including a "pick-and-pay" TV model and a mandated small basic cable package. Our support is contingent on the existence of safeguards to protect independent broadcasters (like us) from anti-competitive practices by large, vertically integrated providers.
- We support the establishment of normal free market conditions for conventional TV broadcasters. This would allow conventional TV broadcasters to negotiate compensation for their services with cable and satellite providers, as do specialty channels.

The Corporation has suggested two additional proposals for consideration:

- The Commission could establish a new local news fund. It would be funded in the same way that the CRTC's Local Programming Improvement Fund (LPIF) was not long ago, and would enable the promotion of new and innovative local news offerings in local TV markets across Canada.
- The CRTC could require "over-the-top" (OTT) providers, like Netflix, to contribute to the production of Canadian programming in the same way as other distributors like Bell, Rogers, Videotron and Shaw contribute.

On January 29, 2015, the CRTC issued a decision flowing from its *Let's Talk TV* proceeding addressing local television (Broadcasting Regulatory Policy CRTC 2015-24). The Commission ruled that local TV stations must keep operating their over-the-air transmitters. The Commission did not address funding issues in the decision, announcing instead its intention to re-examine the overall state of local television programming in the 2015-2016 fiscal year.

Additional decisions from the Commission's *Let's Talk TV* process will be announced in the coming weeks and months.

We expect our real estate portfolio to generate more revenue as we rent out vacant space in some of our buildings. We also expect to reduce our total cost of occupancy and real estate risk by selling and exiting some buildings that we own to become tenants in more cost-efficient premises. For example, we continue to prepare space at the Canadian Broadcast Centre in Toronto, with approximately 22,000 square feet being newly leased this quarter, for a total of 278,000 square feet currently being leased. We also moved, in November 2014, from two owned buildings in Halifax, into one rented facility. The Request for Proposal (RFP) process to redevelop our Montreal facility continues with one consortium. The second consortium withdrew from the process in January 2015. The needs identified by CBC/Radio-Canada, as well as the rules and financial parameters governing the project, remain unchanged. The proposal in response to the RFP is due in spring 2015. As announced as part of *A space for us all*, we have increased our real estate infrastructure reduction target to at least half of the current footprint, representing two million square feet by 2020.

In September, the Canada Industrial Relations Board (CIRB) ruled in favour of CBC/Radio-Canada's application for review of the bargaining unit structure for employees working in the province of Quebec and the city of Moncton. That structure, in place since 1995, consists of four bargaining units. The Corporation believes that the structure must be streamlined in order to succeed in today's highly competitive environment and properly meet audience expectations. To this end, CBC/Radio-Canada filed, in December, an application with the CIRB to suspend current and pending negotiations with the four bargaining units until the new union structure has been implemented. Should the CIRB approve the suspension, the existing collective agreements would remain in effect until an agreement is reached with the new bargaining unit(s).

CBC/Radio-Canada has been awarded the Canadian broadcast rights for the 2015 Pan Am Games and Parapan Am Games to be held in the Greater Toronto Area in July and August respectively, the Olympic Games in 2018 in PyeongChang, South Korea, and 2020 in Tokyo, Japan. Furthermore, in October the Corporation announced that it will partner with Bell Media and Rogers Communications to broadcast these Olympic Games.

A full discussion of risks and mitigation strategies is available in our 2013-2014 Annual Report.

4. Financial Reporting Disclosure

4.1 Future Accounting Standards

Refer to Note 2 of the condensed interim consolidated financial statements for information pertaining to accounting changes effective during 2014-2015, and for information on issued accounting pronouncements that will be effective in future years.

4.2 Key Accounting Estimates and Critical Judgments

Discussion and analysis of our financial condition and results of operations are based upon our condensed interim consolidated financial statements, which have been prepared in accordance with IFRS. Our key significant accounting estimates and critical judgments are contained in Note 2 of our annual financial statements.

4.3 Transactions with Related Parties

Transactions with defined benefit pension plans

We made employer contributions to defined benefit plans as discussed in Note 16. We also provided management and administrative services to our defined benefit pension plans.

Statement of Management Responsibility by Senior Officials

Management is responsible for the preparation and fair presentation of these consolidated quarterly financial statements in accordance with IAS 34 – *Interim Financial Reporting*, and for such internal controls as management determines is necessary to enable the preparation of consolidated quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the consolidated quarterly financial statements.

Based on our knowledge, these unaudited consolidated quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation, as at the date of and for the periods presented in the consolidated quarterly financial statements.

Hubert T. Lacroix,

President and Chief Executive Officer

Michael Mooney,

Acting Vice-President and Chief Financial Officer

Ottawa, Canada

February 25, 2015

Condensed Interim Consolidated Statement of Financial Position (unaudited)

(in thousands of Canadian dollars)	December 31, 2014	March 31, 2014 *(Revised - NOTE 2E)*
ASSETS		
Current		
Cash	115,940	61,974
Trade and other receivables (NOTE 3)	165,073	277,020
Programming (NOTE 4)	206,529	211,728
Merchandising inventory	258	257
Prepaid expenses	34,001	21,134
Promissory notes receivable	2,431	2,308
Investment in finance lease	2,710	2,568
Derivative financial instruments	130	681
Assets classified as held for sale (NOTE 5)	1,912	6,890
	528,984	584,560
Long-term		
Property and equipment (NOTE 5)	894,520	946,537
Intangible assets (NOTE 6)	25,056	23,396
Assets under finance leases	27,705	34,083
Programming (NOTE 4)	121,682	11,986
Promissory notes receivable	44,136	45,961
Investment in finance lease	48,087	50,138
Deferred charges	13,059	10,032
Investment in associate (NOTE 7)	-	1,855
	1,174,245	1,123,988
TOTAL ASSETS	1,703,229	1,708,548
LIABILITIES		
Current		
Accounts payable and accrued liabilities (NOTE 8)	67,928	106,297
Provisions (NOTE 9)	37,717	32,623
Pension plans and employee-related liabilities (NOTE 10)	138,679	140,525
Programming liability (NOTE 4)	15,151	-
Bonds payable	16,682	21,101
Obligations under finance leases	12,242	11,743
Notes payable	7,050	8,124
Deferred revenues	27,899	9,423
Deferred appropriations for operating expenditures (NOTE 12)	30,667	-
Option liability	1,875	1,875
	355,890	331,711
Long-term		
Deferred revenues	42,026	18,205
Pension plans and employee-related liabilities (NOTE 10)	141,727	198,570
Programming liability (NOTE 4)	38,149	-
Bonds payable	251,237	264,599
Obligations under finance leases	24,398	33,676
Notes payable	100,492	106,930
Deferred capital funding (NOTE 12)	516,375	518,272
	1,114,404	1,140,252
Equity		
Retained earnings	232,403	236,117
Total equity attributable to the Corporation	232,403	236,117
Non-controlling interests	532	468
TOTAL EQUITY	232,935	236,585
TOTAL LIABILITIES AND EQUITY	1,703,229	1,708,548

Contingencies (NOTE 9) and Commitments (NOTE 17)

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statement of Income (Loss) (unaudited)

(in thousands of Canadian dollars)	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
REVENUE (NOTE 11)				
Advertising	77,737	122,947	269,911	301,709
Subscriber fees	33,166	33,155	100,694	99,418
Other income	29,257	31,616	95,225	93,854
Financing income	2,811	2,179	7,862	6,635
	142,971	189,897	473,692	501,616
EXPENSES				
Television, radio and new media services costs	388,904	432,037	1,178,123	1,230,406
Transmission, distribution and collection	17,985	18,611	52,007	53,700
Corporate management	2,380	2,838	7,452	8,097
Payments to private stations	597	503	1,795	1,771
Finance costs	7,721	7,678	22,995	23,245
Share of profit in associate	(1,371)	(774)	(13,712)	(1,847)
	416,216	460,893	1,248,660	1,315,372
Operating loss before Government funding and non-operating items	(273,245)	(270,996)	(774,968)	(813,756)
GOVERNMENT FUNDING (NOTE 12)				
Parliamentary appropriation for operating expenditures	239,339	202,870	561,375	665,694
Parliamentary appropriation for working capital	1,000	1,000	3,000	3,000
Amortization of deferred capital funding	24,966	26,715	76,862	82,265
	265,305	230,585	641,237	750,959
Results before non-operating items	(7,940)	(40,411)	(133,731)	(62,797)
NON-OPERATING ITEMS				
Gain on sale of shares (NOTE 7)	-	-	33,548	-
Gain (loss) on disposal of property and equipment and intangibles (NOTES 5 and 6)	1,988	(286)	7,455	(2,560)
	1,988	(286)	41,003	(2,560)
Net results for the period	(5,952)	(40,697)	(92,728)	(65,357)
Net results attributable to:				
The Corporation	(6,035)	(40,782)	(92,967)	(65,520)
Non-controlling interests	83	85	239	163
	(5,952)	(40,697)	(92,728)	(65,357)

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statement of Comprehensive Income (Loss) (unaudited)

(in thousands of Canadian dollars)	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
COMPREHENSIVE INCOME (LOSS)				
Net results for the period	(5,952)	(40,697)	(92,728)	(65,357)
Other comprehensive income - not subsequently reclassified to net results				
Remeasurements of defined benefit plans (NOTE 10)	31,338	111,649	89,253	256,968
Total comprehensive income (loss) for the period	25,386	70,952	(3,475)	191,611
Total comprehensive income (loss) attributable to:				
The Corporation	25,303	70,867	(3,714)	191,448
Non-controlling interests	83	85	239	163
	25,386	70,952	(3,475)	191,611

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statement of Changes in Equity (unaudited)

(in thousands of Canadian dollars)

	Three months ended December 31, 2014		
	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at September 30, 2014	207,100	449	207,549
Changes in period			
Net results for the period	(6,035)	83	(5,952)
Remeasurements of defined benefit plans (NOTE 10)	31,338	-	31,338
Total comprehensive income for the period	25,303	83	25,386
Balance as at December 31, 2014	232,403	532	232,935

	Three months ended December 31, 2013		
	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at September 30, 2013	170,973	412	171,385
Changes in period			
Net results for the period	(40,782)	85	(40,697)
Remeasurements of defined benefit plans (NOTE 10)	111,649	-	111,649
Total comprehensive income for the period	70,867	85	70,952
Balance as at December 31, 2013	241,840	497	242,337

	Nine months ended December 31, 2014		
	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at March 31, 2014	236,117	468	236,585
Changes in period			
Net results for the period	(92,967)	239	(92,728)
Remeasurements of defined benefit plans (NOTE 10)	89,253	-	89,253
Total comprehensive income (loss) for the period	(3,714)	239	(3,475)
Distributions to non-controlling interests	-	(175)	(175)
Balance as at December 31, 2014	232,403	532	232,935

	Nine months ended December 31, 2013		
	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at March 31, 2013	50,392	560	50,952
Changes in period			
Net results for the period	(65,520)	163	(65,357)
Remeasurements of defined benefit plans (NOTE 10)	256,968	-	256,968
Total comprehensive income for the period	191,448	163	191,611
Distributions to non-controlling interests	-	(226)	(226)
Balance as at December 31, 2013	241,840	497	242,337

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statement of Cash Flows (unaudited)

(in thousands of Canadian dollars)	Three months ended December 31		Nine months ended December 31	
	2014	2013 *(Revised - NOTE 2E)*	2014	2013 *(Revised - NOTE 2E)*
CASH FLOWS FROM (USED IN)				
OPERATING ACTIVITIES				
Net results for the period	(5,952)	(40,697)	(92,728)	(65,357)
Adjustments for:				
(Gain) loss on disposal of property and equipment and intangibles (NOTES 5 and 6)	(1,988)	286	(7,455)	2,560
Gain on sale of shares (NOTE 7)	-	-	(33,548)	-
Financing income	(2,811)	(2,179)	(7,862)	(6,635)
Finance costs	7,721	7,678	22,995	23,245
Change in fair value of financial instruments designated as at fair value through profit and loss	125	113	551	288
Depreciation of property and equipment	27,108	28,635	82,963	86,149
Amortization of intangible assets	1,617	1,629	4,834	4,987
Depreciation of assets under finance leases	2,034	2,130	6,260	6,254
Share of profit in associate	(1,371)	(774)	(13,712)	(1,847)
Change in deferred charges	226	(2,440)	(3,027)	(5,814)
Change in programming asset [long-term]	(18,723)	1,403	(108,524)	(6,100)
Change in programming liability [current and long-term]	(4,040)	-	52,662	-
Amortization of deferred capital funding (NOTE 12)	(24,966)	(26,715)	(76,862)	(82,265)
Change in deferred appropriations for operating expenditures	30,667	20,829	30,667	54,853
Change in deferred revenues [long-term]	(7,523)	(148)	22,691	(185)
Change in pension plans and employee-related liabilities [current]	6,644	7,956	4,652	11,293
Change in pension plans and employee-related liabilities [long-term]	8,538	12,553	32,409	44,159
Accretion of promissory notes receivable	(5)	(5)	(15)	(14)
Movements in working capital (NOTE 14)	11,463	(39,510)	93,325	(71,355)
	28,764	(29,256)	10,276	(5,784)
FINANCING ACTIVITIES				
Repayment of obligations under finance leases	(2,945)	(2,785)	(8,775)	(8,191)
Repayment of bonds	(6,319)	(5,869)	(12,409)	(11,525)
Repayment of notes	(3,140)	(2,998)	(6,209)	(5,928)
Distributions to non-controlling interests	-	(226)	(175)	(226)
Interest paid	(13,417)	(14,181)	(27,903)	(29,458)
	(25,821)	(26,059)	(55,471)	(55,328)
INVESTING ACTIVITIES				
Parliamentary appropriations for capital funding (NOTE 12)	29,000	23,999	74,965	75,152
Additions to property and equipment (NOTE 5)	(17,227)	(19,236)	(37,365)	(40,241)
Additions to intangible assets (NOTE 6)	(2,012)	(2,149)	(6,872)	(7,511)
Proceeds from disposal of property and equipment (NOTE 5)	5,712	415	9,086	1,542
Proceeds from disposal of shares (NOTE 7)	-	-	33,548	-
Collection of promissory notes receivable	575	536	1,695	1,580
Collection of finance leases receivable	610	568	1,797	1,675
Dividends received	1,371	1,875	15,567	5,223
Interest received	2,203	2,286	6,740	6,859
	20,232	8,294	99,161	44,279
Change in cash	23,175	(47,021)	53,966	(16,833)
Cash, beginning of the period	92,765	81,647	61,974	51,459
Cash, end of the period	115,940	34,626	115,940	34,626

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements for the Third Quarter Ended December 31, 2014 (unaudited)

(In thousands of Canadian dollars, unless otherwise noted)

1. General Information

As the national public broadcaster, CBC/Radio-Canada (the Corporation) provides radio, television and new media services in both official languages, delivering predominantly and distinctly Canadian programming to reflect Canada and its regions to national and regional audiences.

The Corporation is a federal Crown Corporation domiciled in Canada. The address of the Corporation's registered office is 181 Queen Street, Ottawa ON K1P 1K9.

These condensed interim consolidated financial statements have been authorized for issuance by the Board of Directors on February 25, 2015.

2. Significant Accounting Policies

A. Statement of Compliance

The Corporation has prepared these condensed interim consolidated financial statements in accordance with Section 131.1 of the *Financial Administration Act* and International Accounting Standards 34 *Interim Financial Reporting* (IAS 34).

B. Basis of Preparation

Section 131.1 of the *Financial Administration Act* requires that most parent Crown Corporations prepare and make public quarterly financial reports in compliance with the Treasury Board Standard on Quarterly Financial Reports for Crown Corporations. These condensed interim consolidated financial statements have not been audited or reviewed by the Corporation's external auditor.

These interim consolidated financial statements are presented on a condensed basis as permitted by IAS 34 and therefore do not include all disclosures that would otherwise be required in a full set of financial statements. These condensed interim consolidated financial statements are intended to provide an update on the latest complete set of audited annual financial statements for the year ended March 31, 2014. Accordingly, they should be read in conjunction with the audited annual consolidated financial statements for the year then ended. The accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those disclosed in the Corporation's audited annual consolidated financial statements, except for the adoption of new and revised International Financial Reporting Standards (IFRS) discussed in Note 2C and the change in presentation as described in Note 2E.

2. Significant Accounting Policies (Continued)

Key sources of Estimation Uncertainty and Critical Judgments

The preparation of these condensed interim consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities at the date of such financial statements and the reported amounts of revenues and expenses recorded during the period, as well as all related disclosures.

Estimates are regularly reviewed by management and changes in those estimates are recognized prospectively by including them in the Condensed Interim Consolidated Statement of Income (Loss) in the period of the change, if the change affects that period only; or the period of the change and future periods, if the change affects both. Actual results could significantly differ from those estimates. Similarly, critical judgments are reassessed at each reporting date.

The Corporation has added the following key source of estimation uncertainty since the Corporation's last audited annual consolidated financial statements at March 31, 2014:

- The Corporation has estimated the value of non-monetary consideration provided to Rogers Communications Inc. for *Hockey Night in Canada* sublicensing over the next four years.

C. Adoption of New and Revised International Financial Reporting Standards

The following new pronouncements issued by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee were adopted by the Corporation effective April 1, 2014. These pronouncements had no impact on the condensed interim consolidated financial statements as at and for the three and nine months ended December 31, 2014.

Amendments to IAS 36 *Impairment of Assets*

IAS 36 was amended in May 2013 to provide additional disclosure on the measurement of the recoverable amount of impaired assets, particularly if that amount is based on the fair value less costs of disposal. These amendments were effective for annual reporting periods beginning on or after January 1, 2014, on a retrospective basis.

IFRIC 21 *Levies*

IFRIC 21, effective for annual periods beginning on or after January 1, 2014, was issued in May 2013 to provide guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain.

2. Significant Accounting Policies (Continued)

D. Future Accounting Changes

The Corporation has reviewed new and revised accounting pronouncements as well as the ongoing annual improvements that have been issued.

The Corporation has completed its assessment of the following amendments and annual improvements and has concluded that their adoption will not have an impact on its consolidated financial statements, although conclusions made regarding the expected impact of future changes in accounting policies could change until the standards are fully adopted:

Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in associates and joint ventures*

The amendments to IFRS 10 and IAS 28 (2011) were issued in September 2014. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture and are effective for annual reporting periods beginning on or after July 1, 2016, on a retrospective basis.

Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*

IAS 16 and IAS 38 were amended in May 2014 to clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and that, for intangible assets, there is a rebuttable presumption that amortization based on revenue is not appropriate. These amendments are effective for annual reporting periods beginning on or after January 1, 2016, on a retrospective basis.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

IAS 19 was amended in November 2013 to allow for employee contributions that are linked solely to the employee's service rendered in the same period in which those contributions are payable to be accounted for as a reduction in the cost of short-term employee benefits. These amendments are effective for annual reporting periods beginning on or after July 1, 2014, on a retrospective basis.

Annual Improvements to IFRSs: 2010-2012 Cycle and 2011-2013 Cycle

The *Annual Improvements to IFRSs 2010-2012 Cycle* and the *Annual Improvements to IFRSs 2011-2013 Cycle* were issued in December 2013. These improvements include a number of amendments to various IFRSs which are effective for annual reporting periods beginning on or after July 1, 2014, on a retrospective basis.

2. Significant Accounting Policies (Continued)

Amendments to IFRS 11 *Joint Arrangements*

IFRS 11 was amended in May 2014 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This Standard will become effective for annual periods beginning on or after January 1, 2016, on a retrospective basis.

Annual Improvements to IFRSs: 2012-2014 Cycle

The *Annual Improvements to IFRSs 2012-2014 Cycle* were issued in September 2014. These improvements include a number of amendments to various IFRSs which are effective for annual reporting periods beginning on or after January 1, 2016, on a retrospective basis.

The Corporation is still assessing the potential impact of the following standards on its consolidated financial statements:

IFRS 9 *Financial Instruments*

IFRS 9, issued in November 2009 and amended in October 2010, is part of a multi-phase project to replace current IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 has adopted an approach based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of its financial assets and liabilities. In addition to this logical model for classification and measurement, the final IFRS 9 issued in July 2014 includes a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. This standard will become effective for annual periods beginning January 1, 2018 on a retrospective basis.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and supersedes IAS 18 *Revenue* and IAS 11 *Construction Contracts* and a number of revenue-related interpretations. The Standard establishes a comprehensive framework for determining when revenue should be recognized and how it should be measured. The core principle is that an entity should recognize revenue when it transfers goods or services to a customer based upon the amount of consideration to which the entity expects to be entitled to from the customer. The goods or services are transferred when the customer has control of them. IFRS 15 also requires extensive new qualitative and quantitative disclosures designed to help investors understand the nature, amount, timing and uncertainty of revenue. This standard will become effective for annual periods beginning on or after January 1, 2017. When first adopting IFRS 15, the Corporation will apply the standard in full for the current period, including retrospective application to all contracts not yet complete at the beginning of that period. In respect to prior periods, the Corporation will either fully apply the standard or adopt a modified approach as permitted by the transition guidance. The Corporation is currently assessing these alternatives.

2. Significant Accounting Policies (Continued)

Amendments to IAS 1 *Disclosure Initiative*

IAS 1 was amended in December 2014 as part of the IASB's Disclosure Initiative work on the *Conceptual Framework*. These narrow-focus amendments clarify, rather than significantly change, existing IAS 1 requirements for which there has been overly prescriptive interpretations of the wording. These amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted.

E. Change in Presentation

Beginning July 1, 2014, the Corporation changed the presentation of programming assets in its Statement of Financial Position. This change was made to consolidate programming as one current asset and one non-current asset to further align with industry practice and to provide readers with improved transparency around programming assets at each reporting date. Following this change, no amounts related to programming or programming rights will be included as part of Prepaid expenses or Deferred charges. This change had the following impacts on Statement of Financial Position line items, with no impact on reported results or equity in any reporting period:

(in thousands of Canadian dollars)			As at March 31, 2014
	As previously reported	Change	Revised
ASSETS			
Current			
Programming	135,389	76,339	211,728
Prepaid expenses	97,473	(76,339)	21,134
Long-term			
Programming	-	11,986	11,986
Deferred charges	22,018	(11,986)	10,032

3. Trade and Other Receivables

(in thousands of Canadian dollars)	December 31, 2014	March 31, 2014
Trade receivables	153,640	263,554
Allowance for doubtful accounts	(3,627)	(3,719)
Other	15,060	17,185
	165,073	277,020

Credit terms average 30 days. The Corporation recognizes an allowance for doubtful accounts for receivables where there is objective evidence of impairment. Objective evidence of impairment could include the Corporation's past experience of collecting payments, an increase in the number of delayed payments past the average credit terms as well as observable changes in national or local economic conditions that correlate with default on receivables.

3. Trade and Other Receivables (Continued)

Before accepting new customers, the Corporation reviews the credit application submitted by the customer. An external credit scoring agency may be used to assess the potential customer's credit quality and define credit limits by customer.

Limits and scoring attributed to customers are reviewed at least once a year to determine whether adjustments are required. In addition, the Corporation monitors its customers throughout the year for any indications of deterioration in credit quality.

Trade receivables disclosed above include amounts (see Note 3A) that are past due at the end of the reporting period for which the Corporation has not recognized an allowance for doubtful accounts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Consistent with others in the industry, the Corporation makes most of its conventional advertising sales through agencies. These agencies typically remit their payment over a period exceeding the Corporation's average credit term of 30 days. As such, a significant portion of the Corporation's trade receivables are past due but not impaired.

The fact that a significant portion of sales are made to advertising agencies results in some concentration of credit risk. The Corporation considers this type of credit risk to be limited based on past experience. In addition, the Corporation mitigates the credit risk of advertising receivables by performing initial and ongoing credit evaluations of advertising customers.

The Corporation does not hold any collateral or other credit enhancements over these balances.

A. Age of Trade Receivables that are Past Due but not Impaired

(in thousands of Canadian dollars)	December 31, 2014	March 31, 2014
31 - 60 days	33,151	129,016
61 - 90 days	21,508	21,195
Over 90 days	23,122	16,858
Total	77,781	167,069

B. Movement in Allowance for Doubtful Accounts

(in thousands of Canadian dollars)	December 31, 2014	March 31, 2014
Opening balance	(3,719)	(3,627)
Amounts written off during the period as uncollectible	359	831
Impairment losses reversed	331	523
Net increase in allowance for new impairments	(598)	(1,446)
Balance, end of period	(3,627)	(3,719)

4. Programming

A. Programming by Category

(in thousands of Canadian dollars)	December 31, 2014	March 31, 2014 (Revised)
Programs completed	66,848	70,149
Programs in process of production	78,224	42,668
Broadcast rights available for broadcast within the next twelve months	61,457	98,911
	206,529	211,728
Broadcast rights not available for broadcast within the next twelve months	121,682	11,986
	328,211	223,714

B. Movement in Programming

(in thousands of Canadian dollars)	December 31, 2014	March 31, 2014 (Revised)
Opening balance	223,714	257,724
Additions	834,011	1,102,079
Programs broadcast	(729,514)	(1,136,089)
Balance, end of period	328,211	223,714

Programming includes amounts for television programs.

The programming write-offs included in the Programs broadcast line in the above table for the three and nine months ended December 31, 2014, amount to $0.9 million (2013 – $0.5 million) and $2.9 million (2013 – $2.9 million), respectively. Programming write-offs are mainly due to terminated projects, programs not telecasted in the past two years, programming not suitable for telecast or pilots not progressing into a series.

During the second quarter, the Corporation's agreement with Rogers Communications Inc. (Rogers) commenced for the continued airing of *Hockey Night in Canada* for Saturday night and playoff hockey. Under this arrangement, the Corporation has acquired the right to broadcast hockey in exchange for providing Rogers with facilities and production services, use of certain trademarks and with airtime to generate advertising revenue. The agreement is for four years with an optional one-year extension at Rogers' discretion. As no monetary amounts are to be exchanged, an estimate was calculated of the value of four year broadcast licence acquired and has been recorded as Programming in the Corporation's condensed interim consolidated financial statements. An estimate of the corresponding costs associated with the provision of facilities and production services as well as deferred revenue was recorded in the liabilities of the Corporation's condensed interim consolidated financial statements beginning in the second quarter. The Corporation is recognizing these items in revenue and expenses over the four-year term of this agreement.

5. Property and Equipment

A. Cost and Accumulated Depreciation

The property and equipment carrying amounts are as follows:

(in thousands of Canadian dollars)	December 31, 2014	March 31, 2014
Cost	2,101,946	2,153,623
Accumulated depreciation	(1,207,426)	(1,207,086)
	894,520	946,537

(in thousands of Canadian dollars)	Land	Buildings	Leasehold improvements	Technical equipment	Other	Uncompleted capital projects	Total
Cost as at March 31, 2014	174,709	547,264	52,874	1,209,026	142,580	27,170	2,153,623
Additions	-	-	-	3,471	1,344	32,550	37,365
Transfers (refer to Note 6)	-	10,579	49	14,850	4,274	(29,511)	241
Assets classified as held for sale	(259)	(3,932)	-	(2,453)	-	-	(6,644)
Disposals and write-offs	(109)	(1,857)	-	(73,152)	(7,464)	(57)	(82,639)
Cost as at December 31, 2014	174,341	552,054	52,923	1,151,742	140,734	30,152	2,101,946
Accumulated depreciation as at March 31, 2014	-	(179,369)	(25,836)	(895,476)	(106,405)	-	(1,207,086)
Depreciation for the period	-	(26,427)	(2,311)	(45,355)	(8,870)	-	(82,963)
Reclassification of depreciation on assets classified as held for sale	-	3,930	-	2,453	-	-	6,383
Reclassification of depreciation on disposals and write-offs	-	1,267	-	67,826	7,147	-	76,240
Accumulated depreciation as at December 31, 2014	-	(200,599)	(28,147)	(870,552)	(108,128)	-	(1,207,426)
Net carrying amount as at December 31, 2014	174,341	351,455	24,776	281,190	32,606	30,152	894,520

5. Property and Equipment (Continued)

(in thousands of Canadian dollars)	Land	Buildings	Leasehold improvements	Technical equipment	Other	Uncompleted capital projects	Total
Cost as at March 31, 2013	179,207	542,901	52,866	1,274,106	138,738	23,479	2,211,297
Additions	-	-	-	14,472	5,130	58,055	77,657
Transfers (refer to Note 6)	-	9,141	1,147	35,102	7,111	(54,358)	(1,857)
Assets classified as held for sale	(4,480)	(2,353)	-	-	-	-	(6,833)
Disposals and write-offs	(18)	(2,425)	(1,139)	(114,654)	(8,399)	(6)	(126,641)
Cost as at March 31, 2014	174,709	547,264	52,874	1,209,026	142,580	27,170	2,153,623
Accumulated depreciation as at March 31, 2013	-	(146,971)	(23,910)	(940,444)	(102,262)	-	(1,213,587)
Depreciation for the year	-	(34,822)	(3,065)	(64,167)	(12,389)	-	(114,443)
Reclassification of depreciation on assets classified as held for sale	-	1,021	-	-	-	-	1,021
Reclassification of depreciation on disposals and write-offs	-	1,403	1,139	109,135	8,246	-	119,923
Accumulated depreciation as at March 31, 2014	-	(179,369)	(25,836)	(895,476)	(106,405)	-	(1,207,086)
Net carrying amount as at March 31, 2014	174,709	367,895	27,038	313,550	36,175	27,170	946,537

The contractual commitments for the acquisition of property and equipment are $24.6 million as at December 31, 2014 (March 31, 2014 – $15.3 million).

B. Impairment and Other Charges

No impairment loss was recorded during the three and nine month periods ended December 31, 2014 (2013 – nil).

C. Assets Classified as Held For Sale

The Corporation classifies an asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is met only when the sale is probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. An asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

As part of the Corporation's financial plan, it has developed a strategy to reduce ownership in land and buildings. As part of this initiative, the Corporation has several properties classified as held for sale for accounting purposes at December 31, 2014, that have a total carrying value of $1.5 million (March 31, 2014 – $6.4 million). These properties are expected to be sold on a site by site basis over the next twelve months.

5. Property and Equipment (Continued)

The Corporation has also classified as held for sale 22 transmission sites (March 31, 2014 – 26 transmission sites) no longer required following the end of TV analogue transmission. These sites have a net carrying amount of $0.4 million as at December 31, 2014, (March 31, 2014 – $0.5 million) and are expected to be sold on a site by site basis over the next twelve months.

D. Disposals

In October 2014, the Corporation sold a property located in Yellowknife, Northwest Territories that was previously held for sale. The proceeds and gain on the sale of this property was $1.7 million.

During the second quarter 2014, the Corporation sold two properties located in Windsor, Ontario that were previously held for sale. The proceeds on the sales of these properties were $2.1 million and resulted in gains of $0.6 million.

Also during the second quarter, the Corporation recorded a gain of $9.3 million for insurance proceeds related to a mobile production vehicle that was damaged beyond repair in May 2014. A loss of $2.4 million related to this mobile unit was recorded during the first quarter of this fiscal year.

In June 2014, the Corporation sold a property located in Halifax, Nova Scotia that was previously held for sale. The proceeds on the sale of this property were $3.8 million and resulted in a gain of $0.4 million, which was recognized during the first quarter.

The recorded gains have been partly offset by losses from the disposal or replacement of equipment as part of the Corporation’s normal asset refresh cycle.

6. Intangible Assets

The intangible assets carrying amounts are as follows:

(in thousands of Canadian dollars)	December 31, 2014	March 31, 2014
Cost	175,124	169,728
Accumulated amortization	(150,068)	(146,332)
	25,056	23,396

(in thousands of Canadian dollars)	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2014	140,893	23,887	4,948	169,728
Additions	-	73	6,799	6,872
Transfers (refer to Note 5)	767	964	(1,972)	(241)
Disposals and write-offs	(1,235)	-	-	(1,235)
Cost as at December 31, 2014	140,425	24,924	9,775	175,124
Accumulated amortization as at March 31, 2014	(136,720)	(9,612)	-	(146,332)
Amortization for the period	(1,405)	(3,429)	-	(4,834)
Reclassification of amortization on disposals and write-offs	1,098	-	-	1,098
Accumulated amortization as at December 31, 2014	(137,027)	(13,041)	-	(150,068)
Net carrying amount as at December 31, 2014	3,398	11,883	9,775	25,056

(in thousands of Canadian dollars)	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2013	139,316	14,316	2,293	155,925
Additions	-	117	12,419	12,536
Transfers (refer to Note 5)	2,167	9,454	(9,764)	1,857
Disposals and write-offs	(590)	-	-	(590)
Cost as at March 31, 2014	140,893	23,887	4,948	169,728
Accumulated amortization as at March 31, 2013	(134,328)	(4,034)	-	(138,362)
Amortization for the year	(2,982)	(5,578)	-	(8,560)
Reclassification of amortization on disposals and write-offs	590	-	-	590
Accumulated amortization as at March 31, 2014	(136,720)	(9,612)	-	(146,332)
Net carrying amount as at March 31, 2014	4,173	14,275	4,948	23,396

7. Investment in Associate

A. Description of Investment

As at December 31, 2014, the Corporation held 13,056,787 Class A Subordinate Voting Shares in Sirius XM Canada Holdings Inc. (SiriusXM), which represented a 10.20% equity interest and a 9.68% voting interest. These shares were obtained following the conversion on March 21, 2014, of the Class B Voting Shares previously held by the Corporation. The Corporation's equity interest remained unchanged following this transaction.

The Corporation has a seat on the Board of Directors through its ownership of a 10.20% equity interest in SiriusXM. The Corporation therefore holds the power to participate in the financial and operating policy decisions of SiriusXM through this board representation, its voting interest and its ongoing business relationship with SiriusXM. As such, the Corporation concludes that it exerts significant influence and applies the equity method of accounting to its investment in SiriusXM.

On July 28, 2014, the Corporation sold 4,800,000 of its Class A shares in SiriusXM for net proceeds of $33.5 million.

SiriusXM has a policy to pay dividends on a quarterly basis, as well as to issue special dividends at their discretion. For the three and nine month periods ended December 31, 2014, the Corporation received quarterly and special dividends from SiriusXM totalling $1.4 million (2013 – $1.9 million) and $15.6 million (2013 – $5.2 million), respectively.

B. Accounting Considerations

SiriusXM's fiscal year end is August 31, which differs from that of the Corporation. IAS 28, *Investments in Associates and Joint Ventures,* limits the difference between the end of the reporting period of an associate and that of the investor to no more than three months. As such, the Corporation has included its portion of the interim results of SiriusXM for the period up to November 30, 2014, which falls within the allowed three month window. This corresponds to the latest information available for SiriusXM that can be disclosed publicly. IAS 28 also requires an adjustment to results for any significant transactions that occur during the intervening period. No such adjustments were necessary for the quarter ended December 31, 2014 (2013 – nil).

The fair value of the Corporation's investment in SiriusXM at December 31, 2014, was $79.1 million (March 31, 2014 – $154.5 million). The fair value was determined using the closing market price of SiriusXM Class A shares (TSX: XSR) at December 31, 2014, and as such, the fair value measurement is considered a Level 1 measurement in the fair value hierarchy.

The following is a summary of the Corporation's investment in SiriusXM:

(in thousands of Canadian dollars)	Ownership interest as at:		Carrying value as at:	
	December 31, 2014	March 31, 2014	December 31, 2014	March 31, 2014
SiriusXM - Class A shares	10%	14%	-	1,855

7. Investment in Associate (Continued)

A reconciliation of the carrying amount of the Corporation's investment in SiriusXM, as recorded on the Condensed Interim Consolidated Statement of Financial Position, is as follows:

(in thousands of Canadian dollars)	December 31, 2014	March 31, 2014
Opening balance	1,855	3,473
Share of profit in associate	13,712	4,440
Dividends received	(15,567)	(7,098)
Dilution gain	-	1,040
Balance, end of period	-	1,855

The Corporation has not incurred any contingent liabilities or commitments in relation to its associate.

SiriusXM has no discontinued operations. There are no significant restrictions imposed on SiriusXM relating to their ability to transfer funds to their investors.

8. Accounts Payable and Accrued Liabilities

(in thousands of Canadian dollars)	December 31, 2014	March 31, 2014
Trade payables	20,467	38,806
Accruals	45,836	64,318
Other	1,625	3,173
	67,928	106,297

9. Provisions

(in thousands of Canadian dollars)			Restructuring costs		
	Claims and legal proceedings	Environmental	Workforce reduction	Decommissioning	Total
Opening balance as at April 1, 2014	31,130	588	-	905	32,623
Additional provisions recognized	8,189	-	13,206	-	21,395
Provisions utilized	(962)	(226)	(3,098)	(339)	(4,625)
Reductions resulting from remeasurement or settlement without cost	(6,146)	-	(5,530)	-	(11,676)
Balance, end of period	32,211	362	4,578	566	37,717

9. Provisions (Continued)

A. Restructuring costs

On October 30, 2014, the Corporation announced restructuring initiatives to eliminate the equivalent of approximately 400 full-time positions. This initiative is part of the Corporation's strategic plan announced in June 2014, *A space for us all*, which requires a workforce reduction of up to 1,500 employees by 2020.

Most of the employees affected by this initiative to reduce 400 positions were notified before the end of November, with the remainder of notifications occurring in early 2015. Restructuring costs in connection with these workforce reductions comprise severance, benefits continuation and outplacement services.

Restructuring costs were also incurred during the first quarter of the year following the Corporation's announcement in April related to a budget shortfall and other financial pressures totaling $130 million. The Corporation's restructuring plan requires the elimination of 657 positions over two years. These positions are not part of the 1,500 planned reductions discussed above.

During the current quarter, the Corporation recognized an additional $3.2 million in restructuring provisions where reductions were demonstrably committed and estimable. All amounts related to restructuring provisions are expected to be paid out within the next 12 months.

The Corporation's decommissioning provision includes work associated with the shutdown of both analogue television and shortwave transmission services. Work associated with the provision of $0.6 million (March 31, 2014 – $0.9 million) is expected to be completed within the next year.

B. Claims and legal proceedings

Various claims and legal proceedings have been asserted or instituted against the Corporation. Some of these claims demand large monetary damages or other form of relief, and could result in significant expenditures. These claims consist mainly of copyright tariffs, grievances and other legal claims.

Litigation is subject to many uncertainties and the outcome of individual matters is not always predictable. Claims that are uncertain in terms of the outcome or potential outflow or that are not measurable are considered to be a contingency and are not recorded in the Corporation's condensed interim consolidated financial statements.

During the quarter, the Corporation was served with a statement of claim for $55 million from a former employee alleging breach of confidence, bad faith and defamation in connection with CBC's termination of the employment relationship. In addition, a grievance was filed by the employee's union. The statement of claim was later withdrawn, with no amounts being paid out by the Corporation.

At December 31, 2014, the Corporation had provisions amounting to $32.2 million (March 31, 2014 – $31.1 million) in respect of legal claims. All matters are classified as current as, where estimable, the Corporation expects them to be resolved within 12 months.

9. Provisions (Continued)

C. Environmental liabilities

At December 31, 2014, the Corporation had a provision of $0.4 million for one environmental matter (March 31, 2014 – $0.6 million). Remediation work is required at the Corporation's Mont Logan property to clean-up oil contaminants found in ground samples from the site's former transmission tower and associated building. The total remaining costs associated with remediation work at this site have been estimated at $0.4 million. A significant portion of the work was completed during the fall of 2014, although the project may require up to 6 years to complete.

D. Contingencies

Litigations are subject to many uncertainties and the outcome of individual matters is not always predictable. Contingent liabilities are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. No amounts have been recorded in relation to contingent liabilities.

10. Pension Plans and Employee-Related Liabilities

Employee-related liabilities are as follows:

(in thousands of Canadian dollars)	Current		Long-term	
	December 31, 2014	March 31, 2014	December 31, 2014	March 31, 2014
Net defined benefit liability	-	-	4,308	61,961
Employee future benefits	-	-	137,308	136,481
Vacation pay	56,984	59,282	-	-
Workforce reduction	25,353	8,125	-	-
Salary-related liabilities	56,342	73,118	111	128
	138,679	140,525	141,727	198,570

The risks associated with the Corporation's defined benefit plan are as follows:

Funding risk: One of the primary risks that plan sponsors face is funding risk, which is the risk that the investment asset growth and contribution rates of the Corporation's pension plan will not be sufficient to cover the pension obligations, resulting in unfunded liabilities. When a funding deficit exists, regulatory authorities require that special contributions be made over specified future periods.

The major contributors to funding risk are the declines in discount rates and investments failing to achieve expected returns. In addition, the pension obligations are affected by non-economic factors like changes in member demographics.

10. Pension Plans and Employee-Related Liabilities (Continued)

Funding risk is managed by monitoring and reviewing the funded ratio on an ongoing basis and ensuring that investment decisions are made in accordance with established investment policies and procedures and applicable legislation. The Statement of Investment Policies and Procedures (SIPP) is reviewed annually by the CBC Pension Board of Trustees with a view to provide the pension plans with long-term rate of return sufficient to assist the plans in meeting funding objectives and the ongoing growth of pension obligations.

Other risks: The plan's assets are also subject to a variety of financial risks as a result of investment activities. These risks include credit risk, market risk (interest rate, currency risk and price risk) and liquidity risk. In addition, the defined benefit obligation and costs are subject to measurement uncertainty due to the use of actuarial assumptions (see below). The impact of these factors on the remeasurement of the pension benefit asset, and pension, other post-employment and other long-term benefit liabilities can be significant and volatile at times.

The significant actuarial assumptions used for the purposes of determining the defined benefit obligation and pension benefit costs were as follows:

Assumptions – annual rates	December 31, 2014	March 31, 2014
Assumptions for the calculation of pension benefit costs:		
Discount rate	4.25%	4.00%
Assumptions for the calculation of the benefit obligation:		
Discount rate - pension	3.75%	4.25%
Discount rate - long service gratuity	3.25%	3.50%
Discount rate - LTD benefit	3.25%	3.50%
Discount rate - life insurance	3.75%	4.00%
Mortality	CBC Pensioner mortality table based on CBC experience	CBC Pensioner mortality table based on CBC experience
Long-term rate of compensation increase, excluding merit and promotion	1.50% in 2014, 2015 & 2.75% thereafter	1.50% in 2014, 2015 & 2.75% thereafter
Health care cost trend rate	7.77% in 2014 declining to 4.5% over 14 years	7.77% in 2014 declining to 4.5% over 14 years
Indexation of pensions in payment	1.65%	1.65%

The Plan is funded on the basis of actuarial valuations, which are made annually. Employees are required to contribute to the Plan a percentage of their pensionable salary. The Corporation provides the balance of the funding, as required, based on actuarial valuations.

10. Pension Plans and Employee-Related Liabilities (Continued)

The contribution rate for full-time employees is as follows:

	2014	2013
For earnings up to the maximum public pension plan earnings[1]		
April 1 to June 30	6.19%	5.53%
July 1 to December 31	6.25%	6.19%
For incremental earnings in excess of the maximum public pension plan earnings[1]		
April 1 to June 30	8.14%	7.27%
July 1 to December 31	8.22%	8.14%

[1] The maximum public pension earnings for 2014 is $52,500 (2013: $51,100).

Cash payments for pension, other post-employment and other long-term benefits for the Corporation were as follows:

(in thousands of Canadian dollars)	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
Benefits paid directly to beneficiaries	2,967	3,606	8,901	10,818
Employer regular contributions to pension benefit plans	17,741	17,606	46,576	46,036
Total cash payments for defined benefit plans	20,708	21,212	55,477	56,854

The amount included in the Condensed Interim Consolidated Statement of Financial Position arising from the Corporation's obligation in respect of its defined benefit plans is as follows:

(in thousands of Canadian dollars)	December 31, 2014			March 31, 2014		
	Funded pension plan	Unfunded pension plans	Other post-employment plans	Funded pension plan	Unfunded pension plans	Other post-employment plans
Fair value of plan assets	6,159,381	-	-	5,587,972	-	-
Defined benefit obligation	6,068,649	95,040	137,308	5,562,330	87,603	136,481
Net asset (liability) arising from defined benefit obligation	90,732	(95,040)	(137,308)	25,642	(87,603)	(136,481)

10. Pension Plans and Employee-Related Liabilities (Continued)

Movements in the present value of the defined benefit obligation were as follows:

(in thousands of Canadian dollars)	December 31, 2014		March 31, 2014	
	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
Opening defined benefit obligation	5,649,933	136,481	5,586,813	150,126
Current service cost	74,130	3,564	109,923	5,825
Interest cost	177,963	3,441	221,228	5,289
Contributions from employees	35,360	-	47,833	-
Remeasurements:				
Actuarial losses (gains) arising from changes in demographic assumptions	-	-	215,950	(6,659)
Actuarial losses (gains) arising from changes in financial assumptions	431,926	2,723	(239,362)	(3,680)
Actuarial losses (gains) arising from experience adjustments	1,320	-	(21,093)	-
Benefits paid	(206,943)	(8,901)	(271,359)	(14,420)
Closing defined benefit obligation	**6,163,689**	**137,308**	5,649,933	136,481

Movements in the fair value of the plan assets were as follows:

(in thousands of Canadian dollars)	December 31, 2014		March 31, 2014	
	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
Opening fair value of plan assets	5,587,972	-	5,393,484	-
Administration fees (other than investment management fees)	(4,005)	-	(5,300)	-
Interest income on plan assets	175,347	-	212,490	-
Return on plan assets, excluding interest income	525,074	-	149,519	-
Contributions from employees	35,360	-	47,833	-
Contributions from the Corporation	46,576	8,901	61,305	14,420
Benefits paid	(206,943)	(8,901)	(271,359)	(14,420)
Closing fair value of plan assets	**6,159,381**	**-**	5,587,972	-

10. Pension Plans and Employee-Related Liabilities (Continued)

Amounts recognized in comprehensive income (loss) in respect to these defined benefit plans are indicated in the table below:

(in thousands of Canadian dollars)	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
Current service cost	25,898	28,937	77,694	86,811
Administration fees (other than investment management fees)	1,335	1,325	4,005	3,975
Interest cost on defined benefit obligation	60,468	56,631	181,404	169,892
Interest income on plan assets	(58,449)	(53,122)	(175,347)	(159,366)
Remeasurements recognized in net results	-	-	148	(282)
Expense recognized in net results	29,252	33,771	87,904	101,030
Plus:				
Remeasurements recognized in other comprehensive income (loss)	(31,338)	(111,649)	(89,253)	(256,968)
Total amounts recognized in comprehensive income (loss)	(2,086)	(77,878)	(1,349)	(155,938)

Retained earnings include $269.2 million of cumulative actuarial gains as at December 31, 2014 (March 31, 2014 gains – $179.9 million).

The total expense recognized in net results has been recorded in the Corporation's Condensed Interim Consolidated Statement of Comprehensive Income (Loss) as follows:

(in thousands of Canadian dollars)	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
Television, radio and new media services costs	28,083	32,282	84,388	96,989
Transmission, distribution and collection	877	1,117	2,637	3,031
Corporate management	292	372	879	1,010
Total	29,252	33,771	87,904	101,030

11. Revenue

The Corporation has recognized revenue from the following sources:

(in thousands of Canadian dollars)	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
Advertising	77,737	122,947	269,911	301,709
Subscriber fees	33,166	33,155	100,694	99,418
Building, tower, facility and service rentals	13,485	14,326	36,548	36,559
Production revenue	4,530	5,501	17,200	13,307
Digital programming	3,914	3,087	16,616	8,298
Retransmission rights	1,409	1,428	4,622	3,368
Program sponsorship	2,191	1,398	4,580	4,372
Other services	1,031	1,196	1,736	2,486
Total Rendering of services	137,463	183,038	451,907	469,517
Total Financing income	2,811	2,179	7,862	6,635
Contribution from the Local Programming Improvement Fund (LPIF)	15	3,811	8,963	22,242
Contra revenues other than advertising	2,651	747	4,511	2,868
Gain on foreign exchange rates	152	231	986	628
Net loss from fair value of financial instruments	(121)	(109)	(537)	(274)
Total Revenue	142,971	189,897	473,692	501,616

12. Government Funding

Parliamentary appropriations approved and the amounts received by the Corporation are as follows:

(in thousands of Canadian dollars)	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
Operating funding	270,006	223,699	592,042	720,547
Capital funding	29,000	23,999	74,965	75,152
Working capital funding	1,000	1,000	3,000	3,000
	300,006	248,698	670,007	798,699

Government funding approved and received by the Corporation during the quarter is recorded as follows in the condensed interim consolidated financial statements.

Parliamentary appropriations for operating expenditures are recognized in the Condensed Interim Consolidated Statement of Income (Loss) based on the net difference between quarterly budgeted expenses and self-generated revenue.

Quarterly budgets are established from the annual budget approved by the Board of Directors at the beginning of each year and reflect expected appropriation funding for the year and seasonal impacts of expenditures and self-generated revenue.

(in thousands of Canadian dollars)	December 31, 2014	March 31, 2014
Operating funding received during period	592,042	975,618
Less: Parliamentary appropriation for operating expenditures recognized in the Condensed Interim Consolidated Statement of Income (Loss) during period	(561,375)	(975,618)
Deferred appropriations for operating expenditures	30,667	-

Capital funding received is recorded as Deferred Capital Funding in the Condensed Interim Consolidated Statement of Financial Position, with income being recognized in the Condensed Interim Consolidated Statement of Income (Loss) on the same basis and over the same periods as the related property, equipment and intangible assets.

(in thousands of Canadian dollars)	December 31, 2014	March 31, 2014
Opening balance	518,272	525,696
Government funding for capital expenditures	74,965	103,856
Amortization of deferred capital funding	(76,862)	(111,280)
Balance, end of period	516,375	518,272

13. Seasonality

Excluding government appropriations, approximately 60% of the Corporation's annual source of funds come from advertising revenue that tend to follow seasonal patterns, with the second quarter typically being the lowest mainly due to the summer season attracting fewer viewers. Advertising revenue also varies according to market and general economic conditions and the programming schedule. Subscriber-based revenue is more stable on a quarter-by-quarter basis and represents approximately 20% of the Corporation's revenue.

Operating expenses tend also to follow a seasonal pattern, as they are influenced by the programming schedule.

14. Movements in Working Capital

(in thousands of Canadian dollars)	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
Changes in Working Capital are comprised of:				
Trade and other receivables	5,786	(50,495)	122,303	(12,989)
Programming	20,040	1,530	5,199	(33,548)
Merchandising inventory	(16)	(56)	(1)	448
Prepaid expenses	(9,573)	3,208	(12,867)	4,603
Accounts payable and accrued liabilities	(16,757)	5,617	(38,381)	(17,678)
Provisions	(905)	2,592	5,094	1,875
Deferred revenues	5,005	2,245	18,476	4,620
Pension plans and employee-related liabilities	7,883	(4,151)	(6,498)	(18,686)
	11,463	(39,510)	93,325	(71,355)

15. Fair Value Measurements

The fair values of cash, trade and other receivables, the current portion of the promissory notes receivable, the current portion of the investment in finance lease, accounts payable and accrued liabilities, the current portion of the bonds payable, the current portion of the obligations under finance leases, the current portion of the notes payable and the option liability approximate their carrying value due to the current nature of these instruments.

The carrying values and fair values of the Corporation's remaining financial assets and financial liabilities are listed in the following table:

(in thousands of Canadian dollars)	December 31, 2014		March 31, 2014			
	Carrying values	Fair values	Carrying values	Fair values	Method	Note
Financial instruments measured at fair value on a recurring basis:						
Derivative financial asset instruments						
Forward contracts	-	-	446	446	Level 2	(a)
Stock options	130	130	235	235	Level 2	(b)
Financial instruments measured at amortized cost:						
Promissory notes receivable (long-term)	44,136	51,580	45,961	52,416	Level 2	(c)
Investment in finance lease (long-term)	48,087	56,962	50,138	57,745	Level 2	(c)
Bonds payable (long-term)	251,237	334,320	264,599	346,602	Level 2	(d)
Obligations under finance leases (long-term)	24,398	25,499	33,676	35,597	Level 2	(d)
Notes payable (long-term)	100,492	112,804	106,930	116,740	Level 2	(d)

"Method" refers to the hierarchy levels described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 – quoted prices in active markets for identical assets or liabilities instruments
- Level 2 – directly and indirectly observable market inputs other than Level 1 inputs
- Level 3 – inputs that are not based on observable market data (unobservable inputs)

There have been no transfers between levels during the three and nine month periods ended December 31, 2014.

(a) The fair value is based on a discounted cash flow model based on observable future market prices.

(b) The fair value is determined using an option pricing model whose key inputs include the closing price of the related shares, published Government bond rates and directly observable dividend yields.

(c) The fair values related to the various amounts receivable were determined using the expected future cash flows and discounted using published Government bond rates with similar terms and characteristics, adjusted by a factor that reflect the credit worthiness of the various counterparties.

(d) The fair values related to the Corporation's various financial liabilities were determined using the expected future cash flows and were discounted using published Government bond rates with similar terms and characteristics, adjusted by a factor that reflects the Corporation's credit worthiness.

16. Related Parties

The Corporation enters into transactions with related parties in the normal course of business, on normal trade terms applicable to all individuals and enterprises and at market prices. These transactions are recorded at fair value by the Corporation. The following transactions were carried out with related parties:

A. Transactions with Related Parties Excluding Government-Related Entities

(in thousands of Canadian dollars)	Rendering of services			
	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
Associate	405	765	1,827	2,059
Other related entities[1]	30	30	90	90
	435	795	1,917	2,149

[1] Transations with other related entities primarily relate to administration services provided to the Corporate Pension Plan.

(in thousands of Canadian dollars)	Pension contributions			
	Three months ended December 31		Nine months ended December 31	
	2014	2013	2014	2013
Corporate Pension Plan	17,600	17,606	46,435	46,036

The Corporation did not record any amounts related to the receipt of services from its related parties during the three and nine month periods ended December 31, 2014 (2013 – nil).

The following balances were outstanding at the end of the period and included in Trade and other receivables on the Condensed Interim Consolidated Statement of Financial Position:

(in thousands of Canadian dollars)	Amounts owed by related parties	
	December 31, 2014	March 31, 2014
Associate	178	379
Other related entities	-	8
	178	387

There are no amounts owing to related parties as December 31, 2014 (March 31, 2014 – nil).

The amounts outstanding are unsecured and will be settled in cash. No expense has been recognized in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

16. Related Parties (Continued)

B. Other Transactions with Associate

There were no significant transactions with the Corporation's associate during the current or previous fiscal year other than the dividends received, as discussed in Note 7.

C. Transactions with Government-Related Entities

CBC/Radio-Canada is a Federal Crown Corporation that operates in an economic environment dominated by entities directly or indirectly controlled by the federal government through its government authorities, agencies, affiliations and other organizations (collectively referred to as "government-related entities"). The Corporation has transactions with other government-related entities including but not limited to sales and purchases of goods and rendering and receiving of services.

These transactions are conducted in the ordinary course of the Corporation's activities on terms comparable to those with other entities that are not government-related. The Corporation has established procurement policies, pricing strategy and approval process for purchases and sales of products and services which are independent of whether the counterparties are government-related entities or not.

For the three months ended December 31, 2014, the aggregate amount of the Corporation's significant transactions with other government-related entities amounted to $0.3 million of its rendering of services (2013 – $0.2 million) and $0.3 million of its purchase of goods and services (2013 – $0.9 million). For the nine months ended December 31, 2014, the aggregate amount of the Corporation's significant transactions with other government-related entities amounted to $0.8 million of its rendering of services (2013 – $1.1 million) and $1.0 million of its purchase of goods and services (2013 – $1.9 million). There were no individually significant transactions during the three and nine month periods ended December 31, 2014 (2013 – none).

17. Commitments

The Corporation enters into commitments by renewing purchase agreements and entering into new purchase agreements. Commitments also arise because the Corporation enters into operating leases related to property, network distribution and equipment. Management estimates that these new commitments, for the quarter ended December 31, 2014, will result in future expenditures of approximately $14.7 million (2013 – $26.6 million). As at December 31, 2014, the Corporation's total commitments amounted to $625.4 million (March 31, 2014 – $611.8 million) and will span the next 45 years.