Osprey Pension Plan

Actuarial Valuation as at December 31, 2009

Report prepared on October 29, 2010

Registration number: Ontario and Canada Revenue Agency #1077023

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Introduction

This report presents the results of the actuarial valuation as at December 31, 2009 of the Osprey Pension Plan (the “Plan”). Osprey Media Publishing Inc. (“Osprey”, or the “Employer”) retained the services of Morneau Sobeco to perform this actuarial valuation. The last complete valuation that was filed with the Financial Services Commission of Ontario (“FSCO”) and the Canada Revenue Agency (“CRA”) was performed as at December 31, 2006.

This report was prepared for Osprey Media Publishing Inc. for the following purposes:

> to determine the financial position of the Plan on a going-concern basis;

> to determine the financial position of the Plan on both a solvency and a wind-up basis;

> to estimate the employer contributions required under the Plan during the period from this valuation date up to the next valuation in accordance with the Ontario *Pension Benefits Act*; and

> to provide the information and the actuarial opinion required by the Ontario *Pension Benefits Act* and the *Income Tax Act*.

The solvency and wind-up basis have been updated to reflect market conditions as at the valuation date. In addition, please note that changes were made to the actuarial assumptions on a going-concern basis.

Also, the plan was amended in 2009 (amendment no. 6) in order to grant grow-in benefits under certain circumstances. However, there was no actuarial cost certificate pursuant to this amendment as it had no impact on the funding of the Plan on a going concern basis, and the benefits granted were already included in the actuarial valuation on a solvency basis.

Vancouver Island and Sterling asset transfers (actuarial cost certificates)

Osprey, formerly known as Osprey Media Holdings Inc., entered into a share purchase agreement on July 31, 2001 with Sterling Newspapers Company (“Sterling”), resulting in the transfer of active members formerly employed by Sterling. Osprey entered into another share purchase agreement on January 24, 2003 with Canwest Global Communications Corp. (“Canwest”), but the transaction related to the pension plan (Vancouver Island plan) took effect on February 14, 2003, resulting also in the transfer of active members formerly employed by Canwest.

The transfer of assets from the Sterling and Canwest pension plans were approved respectively by the Financial Institutions Commission of British Columbia on December 16, 2008 and FSCO on July 31, 2009. In order to reflect the impact of these two transfers on the financial situation of the Osprey Pension Plan, FSCO has approved that two actuarial cost certificates be filed on the dates that assets from both plans were transferred, which would be October 5, 2009 and December 1, 2009. Thus, these two cost certificates were included as separate sections in the current actuarial valuation report. More details on this subject are presented in the following two sections, “Actuarial Cost Certificate as at October 5, 2009” and “Actuarial Cost Certificate as at December 1, 2009”.

Canwest Publications Inc. asset transfer

As part of the 2003 share purchase agreement with Canwest, the transaction involved another pension plan, the Canwest Publications Inc. Retirement Plan. This resulted in the transfer of 138 active members formerly employed by Canwest, which took effect February 14, 2003, date on which the transferred members began accruing service under the Plan.

The transfer of assets was approved by FSCO on January 18, 2010, while the actual roll-forwarded asset transfer was performed on April 30, 2010 (with another residual amount transferred on June 15, 2010). Detailed calculations about the roll-forwarded asset transfer were provided by Mercer in order for Morneau Sobeco to validate the methodology used and the updated amount. Information about the data which this asset transfer valuation is based can be found in Appendix D. Furthermore, a reconciliation of the transferred assets can be found in Appendix C.

FSCO approved the selected methodology to recognize the asset transfer through the actuarial valuation as at December 31, 2009. More details about the impact of the transfer on the financial situation of the Osprey Pension Plan are presented in Section 3, “Actuarial Opinion”.

Section 1 – Actuarial Cost Certificate as at October 5, 2009

Background information

Effective January 24, 2003 a share purchase agreement between Canwest Global Communications Corp. (“Canwest”) and Osprey Media Holdings Inc., now known as Osprey Media Publishing Inc. (“Osprey”), resulted in the transfer of 104 active members formerly employed by Canwest. The transaction related to the Pension and Employee Benefit Plans Agreement was effective February 14, 2003, date on which the transferred members began accruing service under the Osprey Pension Plan (the “Plan”). By the terms of the agreement, Canwest transferred, subject to regulatory approval, the assets representative of the defined benefits accrued up to February 14, 2003.

The transfer of assets was approved by the Financial Institutions Commission of British Columbia on December 16, 2008, while the actual roll-forwarded asset transfer was performed on October 5, 2009 (with another residual amount transferred on November 13, 2009). Detailed calculations about the roll-forwarded asset transfer were provided by Mercer in order for Morneau Sobeco to validate the methodology used and the updated amount. Information about the data on which this cost certificate is based can be found in Appendix D. Furthermore, a reconciliation of the transferred assets can be found in Appendix C.

Purpose

This opinion is given with respect to the Osprey Pension Plan, registration number 1077023. This cost certificate has been prepared for the following purposes:

> To reflect the going-concern and solvency funding impact of the transfer of liabilities from a portion of the Canwest Pension Plan for Vancouver Island Employees to the Plan;

> To confirm and summarize incremental required contributions to the Plan due to the transfer for the period remaining until the next actuarial valuation (December 31, 2009).

This cost certificate is prepared as at October 5, 2009, the effective date of the first asset transfer between Canwest Global Communications Corp. and Osprey Media Publishing Inc.

The Financial Services Commission of Ontario (“FSCO”) approved the selected methodology to recognize the asset transfer through an actuarial cost certificate dated the day the actual transfer was performed.

This cost certificate is not intended to reflect the results of a full actuarial valuation, and complies with FSCO’s policy A400-100.

Certifications

On the basis of:

> The data from this valuation report, a summary of which may be found in Appendix D;

> The going-concern actuarial basis described in Appendix A; and

> The solvency actuarial basis described in Appendix B.

We hereby certify that, in our opinion, as at October 5, 2009:

> The amount transferred from the Canwest Pension Plan for Vancouver Island Employees as at October 5, 2009 is $744,500.

> The increase in going-concern liabilities due to the transaction is $840,300. Thus, the asset transfer is not fully funded on a going-concern basis. The actuarial liabilities exceed the actuarial value of assets by $95,800.

> The increase in the solvency liabilities due to the transaction is $1,150,100. Thus, the asset transfer is not fully funded on a solvency basis. The actuarial liabilities exceed the value of assets by $405,600.

> The transaction does not impact the residual normal cost (i.e. total normal cost less employee required contributions), since this event affects solely past service. Consequently, the residual normal cost applicable for Division 2 members remains at 104.8% of employee contributions, as per the December 31, 2006 actuarial valuation.

> The incremental special payments due to asset transfer deficit are summarized in the following table:

Table 1.1 – Minimum Annual Amortization Payments

Date	Going-concern special payments	Solvency special payments	Total special payments
	$	$	$
From October 5, 2009 to October 5, 2014	9,900	78,900	88,800

> As all affected members are Ontario residents, the increase in the PBGF liabilities due to this transaction is $840,300.

> The increase in the solvency liabilities is not material relative to the liabilities of the Plan. Therefore, no reassessment of the transfer ratio is required, as per FSCO’s policy A400-100.

In our opinion:

> The data on which this cost certificate is based is sufficient and reliable for the purposes of the valuation.

> The assumptions used are, in aggregate, appropriate for the purposes of the cost certificate.

> The methods employed in the valuation are appropriate for the purposes of the cost certificate.

This report has been prepared, and our opinion given, in accordance with accepted actuarial practice.

The assumptions that form the going-concern basis used in the report were reasonable at the time this cost certificate report was prepared and contributions were determined.

This actuarial valuation was performed in accordance with the funding and solvency standards prescribed under the Ontario *Pension Benefits Act*.

The calculations in this cost certificate have been prepared in accordance with Subparagraphs 147.2(2)(a) of the *Income Tax Act*.

We are not aware of any modifications or extraordinary changes to the membership or plan text that have occurred between October 5, 2009 and October 29, 2010, that would have materially affected the results of this cost certificate.

The recommendations and opinions are given exclusively from a financial viewpoint. This cost certificate does not constitute a legal opinion on the rights and duties of the Plan administrator, the Employer or the members over the pension funds.

Actuarial valuation results are only estimates. Actuarial valuations are performed based on assumptions and methods that are in accordance with sound actuarial principles. Emerging experience differing from these assumptions may result in gains or losses, which may affect future contribution levels. These will be revealed in future actuarial valuations.

This cost certificate was remitted in identical form to both FSCO and the Canada Revenue Agency.

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October 29, 2010

Section 2 – Actuarial Cost Certificate as at December 1, 2009

Background information

Effective July 31, 2001 a pension asset transfer agreement between Sterling Newspapers Company (“Sterling”) and Osprey Media Holdings Inc., now known as Osprey Media Publishing Inc. (“Osprey”), resulted in the transfer of 170 active members formerly employed by Sterling. The transaction was effective July 31, 2001, date on which the transferred members began accruing service under the Osprey Pension Plan (the “Plan”). By the terms of the agreement, Sterling transferred, subject to regulatory approval, the assets representative of the defined benefits accrued up to July 31, 2001.

The transfer of assets was approved by the Financial Services Commission of Ontario (“FSCO”) on July 31, 2009, while the actual roll-forwarded asset transfer was performed on December 1, 2009. Detailed calculations about the roll-forwarded asset transfer were provided by Mercer in order for Morneau Sobeco to validate the methodology used and the updated amount. Information about the data on which this cost certificate is based can be found in Appendix D. Furthermore, a reconciliation of the transferred assets can be found in Appendix C.

Purpose

This opinion is given with respect to the Osprey Pension Plan, registration number 1077023. This cost certificate has been prepared for the following purposes:

- To reflect the going-concern and solvency funding impact of the transfer of liabilities from a portion of the Sterling Newspapers Company Pension Plan for employees of Newspapers formerly owned by Thomson Newspapers to the Plan.
- To confirm and summarize incremental required contributions to the Plan due to the transfer for the period remaining until the next actuarial valuation (December 31, 2009).

This cost certificate is prepared as at December 1, 2009, the effective date of the asset transfer between Sterling Newspapers Company and Osprey Media Publishing Inc.

FSCO approved the selected methodology to recognize the asset transfer through an actuarial cost certificate dated the day the actual transfer was performed.

This cost certificate is not intended to reflect the results of a full actuarial valuation, and complies with FSCO’s policy A400-100.

Certifications

On the basis of:

> The data from this valuation report, a summary of which may be found in Appendix D;

> The going-concern actuarial basis described in Appendix A; and

> The solvency actuarial basis described in Appendix B.

We hereby certify that, in our opinion, as at December 1, 2009:

> The amount transferred from the Sterling Newspapers Company Pension Plan for employees of Newspapers formerly owned by Thomson Newspapers as at December 1, 2009 is $1,172,500.

> The increase in going-concern liabilities due to the transaction is $1,119,100. Thus, the asset transfer is fully funded on a going-concern basis. The actuarial value of assets exceeds the actuarial liabilities by $53,400.

> The increase in the solvency liabilities due to the transaction is $1,532,300. Thus, the asset transfer is not fully funded on a solvency basis. The actuarial liabilities exceed the value of assets by $359,800.

> The transaction does not impact the residual normal cost (i.e. total normal cost less employee required contributions), since this event affects solely past service. Consequently, the residual normal cost applicable for Division 2 members remains at 104.8% of employee contributions, as per the December 31, 2006 actuarial valuation.

> The incremental solvency special payments due to asset transfer deficit are summarized in the following table:

Table 2.1 – Minimum Annual Amortization Payments

Date	Solvency special payments
	$
From December 1, 2009 to December 1, 2014	79,200

> As all affected members are Ontario residents, the increase in the PBGF liabilities due to this transaction is $1,119,100.

> The increase in the solvency liabilities is not material relative to the liabilities of the Plan. Therefore, no reassessment of the transfer ratio is required, as per FSCO’s policy A400-100.

In our opinion:

> The data on which this cost certificate is based are sufficient and reliable for the purposes of the valuation.

> The assumptions used are, in aggregate, appropriate for the purposes of the cost certificate.

> The methods employed in the valuation are appropriate for the purposes of the cost certificate.

This report has been prepared, and our opinion given, in accordance with accepted actuarial practice.

The assumptions that form the going-concern basis used in the report were reasonable at the time this cost certificate report was prepared and contributions were determined.

This actuarial valuation was performed in accordance with the funding and solvency standards prescribed under the Ontario *Pension Benefits Act*.

The calculations in this cost certificate have been prepared in accordance with Subparagraphs 147.2(2)(a) of the *Income Tax Act*.

We are not aware of any modifications or extraordinary changes to the membership or plan text that have occurred between December 1, 2009 and October 29, 2010, that would have materially affected the results of this cost certificate.

The recommendations and opinions are given exclusively from a financial viewpoint. This cost certificate does not constitute a legal opinion on the rights and duties of the Plan administrator, the Employer or the members over the pension funds.

Actuarial valuation results are only estimates. Actuarial valuations are performed based on assumptions and methods that are in accordance with sound actuarial principles. Emerging experience differing from these assumptions may result in gains or losses, which may affect future contribution levels. These will be revealed in future actuarial valuations.

This cost certificate was remitted in identical form to both FSCO and the Canada Revenue Agency.

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October 29, 2010

Section 3 – Actuarial Opinion as at December 31, 2009

This opinion is given with respect to the Osprey Pension Plan, registration number 1077023 (Ontario). We performed a valuation of the Plan as at December 31, 2009, based on the Plan provisions and data as at that date. The Employer has confirmed that, between December 31, 2009 and October 29, 2010, no subsequent events, no modifications or extraordinary changes to the membership or the Plan, that would materially affect the results of this actuarial valuation, have occurred, except as indicated in this report.

We hereby certify that, in our opinion, as at December 31, 2009:

> The Plan is not fully funded on a going-concern basis. The actuarial liabilities exceed the actuarial value of assets by $5,125,400.

> According to the solvency test required under the Ontario *Pension Benefits Act*, the Plan is not solvent. On a solvency basis, the actuarial liabilities exceed the value of assets by $10,644,700.

> Following the Employer's request, the solvency assets and liabilities have been smoothed; on that basis, the actuarial liabilities exceed the value of assets by $8,350,100.

> The Plan assets would have been less than the actuarial liabilities by $10,644,700 if the Plan had been wound up on the valuation date.

> The transfer ratio of the Plan, as defined under the Ontario *Pension Benefits Act*, is equal to 0.755. The Employer may have to make additional contributions if an ex-participant transfers the commuted value of his accrued benefits out of the Plan.

> The residual normal cost (i.e. normal cost less employee required contributions) is shown in the following table:

Table 3.1 – Residual Normal Cost by Division

	% of employee contributions	% of payroll
Division 1	258.2	7.9
Division 2	196.4	2.1

> The minimum employer contribution is equal to the percentages indicated in table 1.1 plus amortization payments. These amounts (in dollars) can be estimated as shown in the table below:

Table 3.2 – Estimated Residual Normal Cost and Minimum Annual Amortization Payments

Plan year	Residual normal cost	Amortization payments
	$	$
2010	1,234,200	2,053,900
2011	1,277,400	2,053,900
2012	1,322,100	1,740,500

The minimum amortization payments should be the dollar amounts indicated in the above table. Higher amortization payments are acceptable but they cannot exceed $10,644,700 plus interest in aggregate. The Plan actuary should be consulted if the amortization payments in any year are greater than the minimum required.

These contributions are required in order for the Fund to have sufficient assets to pay benefits under the Plan. These contributions conform to the eligibility requirements of the *Income Tax Act* if contributed within the fiscal year or remitted within 120 days after the end of the fiscal year. They would also conform to the Ontario *Pension Benefits Act*. This Act requires that the current service employer contributions and the employee contributions be remitted to the fund monthly, within 30 days of the month to which they pertain. It also requires that amortization payments be made at least monthly.

In our opinion:

> The data on which the valuation is based are sufficient and reliable for the purposes of the valuation.

> The assumptions used are, in aggregate, appropriate for the purposes of the valuation.

> The methods employed in the valuation are appropriate for the purposes of the valuation.

This report has been prepared, and our opinion given, in accordance with accepted actuarial practice.

The assumptions that form the going-concern basis used in the report were reasonable at the time this actuarial valuation report was prepared and contributions were determined.

This actuarial valuation was performed in accordance with the funding and solvency standards prescribed under the Ontario *Pension Benefits Act*.

The calculations in the actuarial valuation report have been prepared in accordance with section 147.2(2) of the *Income Tax Act*.

The recommendations and opinions are given exclusively from a financial viewpoint. This valuation report does not constitute a legal opinion on the rights and duties of the Plan administrator, the Employer or the members over the pension fund.

Actuarial valuation results are only estimates. Actuarial valuations are performed based on assumptions and methods that are in accordance with sound actuarial principles. Emerging experience differing from these assumptions may result in gains or losses, which may affect future contribution levels. These will be revealed in future actuarial valuations.

The next actuarial valuation will have to be performed not later than as at December 31, 2010.

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Section 4 – Going-Concern Financial Position

Statement of Going-Concern Financial Position

The financial position of the Plan on a going-concern basis is determined by comparing the actuarial value of the assets to the actuarial liabilities. The actuarial liabilities are based on the benefits earned up to the valuation date assuming the Plan continues indefinitely.

Table 4.1 – Going-Concern Financial Position

	December 31, 2009	December 31, 2006
	$	$
Actuarial value of assets		
> Market value	28,097,800	23,135,100
> Asset transfer receivable (Canwest)	4,888,300	—
> Contributions receivable (cost certificates)	21,400	—
> Total	33,007,500	23,135,100
Actuarial liabilities		
Division 1		
> Active Members	19,183,300	13,662,400
> Suspended Members	679,400	315,600
> Deferred Vested Members	2,725,600	725,000
> Retired Members	8,174,100	2,984,200
Subtotal	30,762,400	17,687,200
Division 2		
> Active Members	4,740,000	2,447,800
> Suspended Members	375,700	123,000
> Deferred Vested Members	966,800	51,100
> Retired Members	1,288,000	237,300
Subtotal	7,370,500	2,859,200
Total	38,132,900	20,546,400
Actuarial surplus (unfunded liability)	(5,125,400)	2,588,700
Funding Ratio	86.6%	112.6%

Reconciliation of Going-Concern Financial Position

The table below describes the change in the Plan's going-concern financial position since the last valuation:

Table 4.2 – Reconciliation of Going-Concern Financial Position

		$	$
Actuarial surplus (unfunded liability) as at December 31, 2006			2,588,700
Expected changes in financial position			
>	Interest on surplus (unfunded liability)	538,300	
>	Amortization payments	1,094,000	
>	Interest on amortization payments	129,900	
>	Amortization payments required by cost certificates as at October 5, 2009 and as at December 1, 2009	21,400	
>	Total		1,783,600
Expected surplus (unfunded liability) as at December 31, 2009			4,372,300
Actuarial gains (losses) due to the following factors			
>	Investment return on actuarial value of assets	(5,424,200)	
>	Salary increases	797,400	
>	Retirements	(238,200)	
>	Terminations	42,100	
>	Mortality	(117,300)	
>	Ageing population	(208,300)	
>	Vancouver Island and Sterling transfers	(42,400)	
>	Other factors	(37,700)	
>	Total		(5,228,600)
Other gains (losses)			
>	Changes in actuarial assumptions	(3,037,200)	
>	Canwest Publications Inc. transfer	(1,231,900)	
>	Total		(4,269,100)
Actuarial surplus (unfunded liability) as at December 31, 2009			(5,125,400)

Section 5 – Solvency and Wind-up Financial Position

Statement of Solvency Financial Position

A solvency valuation is a hypothetical valuation prescribed by the Ontario *Pension Benefits Act* and which imposes a floor on required contributions and a ceiling on what may be transferred out of the pension fund upon termination of membership

A solvency valuation may, however, differ from the valuation required on plan wind-up. See **Statement of Wind-up Financial Position** below.

Table 5.1 – Solvency Financial Position

	December 31, 2009	December 31, 2006
	$	$
Solvency assets		
> Market value of assets	28,097,800	23,135,100
> Asset transfer receivable (Canwest)	4,888,300	—
> Contributions receivable (cost certificates)	21,400	—
> Provision for expenses	(275,000)	(100,000)
> Total	32,732,500	23,035,100
Solvency liabilities		
Division 1		
> Active Members	21,016,300	15,785,000
> Suspended Members	739,200	353,300
> Deferred Vested Members	3,134,900	1,016,000
> Retired Members	9,412,200	3,639,800
Subtotal	34,302,600	20,794,100
Division 2		
> Active Members	6,013,200	3,288,200
> Suspended Members	477,300	150,900
> Deferred Vested Members	1,104,200	67,900
> Retired Members	1,479,900	285,100
Subtotal	9,074,600	3,792,100
Total	43,377,200	24,586,200
Assets less liabilities on a solvency basis	(10,644,700)	(1,551,100)
Solvency asset adjustment		
> Present value of special payments	3,581,000	147,000
> Asset averaging method	938,900	—
> Total	4,519,900	147,000
Solvency liability adjustment	1,355,700	—
New solvency surplus (deficiency)	(4,769,100)	(1,404,100)

Solvency Asset and Liability Adjustments

As defined under the Ontario *Pension Benefits Act*, the solvency asset adjustment represents the sum of:

a) the present value of amortization payments established at the preceding valuation, adjusted to take into account the current going-concern valuation, and due to be paid during the prescribed period following the valuation date.

b) an amount by which the value of the solvency assets are adjusted as a result of applying an averaging method that stabilizes short-term fluctuations in the market value of the Plan assets calculated over a period of not more than five years.

The solvency asset adjustment as at December 31, 2009, as defined in a) above, is determined as follows:

Table 5.2 – Solvency Asset Adjustment

Nature of liability or deficiency	Start date	End date	Annual amortization payment	Solvency asset adjustment[1]
	mm-dd-yyyy	mm-dd-yyyy	$	$
Solvency	12-31-2006	12-31-2011	313,400	598,000
Going-concern unfunded liability	10-05-2009	10-05-2024	9,900	44,300
Solvency	10-05-2009	10-05-2014	78,900	341,600
Solvency	12-01-2009	12-01-2014	79,200	348,200
Going-concern unfunded liability	12-31-2009	12-31-2024	503,900	2,248,900
Total			985,300	3,581,000

1 *Value of amortization payments discounted with interest as at December 31, 2009 (at a rate of 4.66%)*

The solvency liability adjustment is the amount by which the value of the solvency liabilities are adjusted as a result of using a solvency valuation interest rate that is the average of market interest rates calculated over a period of not more than five years.

Statement of Wind-up Financial Position

Since the solvency assets have been adjusted and the solvency liabilities have been adjusted, if the Plan had been liquidated as at December 31, 2009 and assuming that the asset liquidation value had been equal to the market value, the wind-up financial position would have been different from the solvency position as shown in the table below:

Table 5.3 – Wind-up Financial Position

	December 31, 2009	December 31, 2006
	$	$
Wind-up assets		
> Market value of assets	28,097,800	23,135,100
> Asset transfer receivable (Canwest)	4,888,300	—
> Contributions receivable (cost certificates)	21,400	—
> Provision for expenses	(275,000)	(100,000)
> Total	32,732,500	23,035,100
Wind-up liabilities		
Division 1		
> Active Members	21,016,300	15,785,000
> Suspended Members	739,200	353,300
> Deferred Vested Members	3,134,900	1,016,000
> Retired Members	9,412,200	3,639,800
Subtotal	34,302,600	20,794,100
Division 2		
> Active Members	6,013,200	3,288,200
> Suspended Members	477,300	150,900
> Deferred Vested Members	1,104,200	67,900
> Retired Members	1,479,900	285,100
Subtotal	9,074,600	3,792,100
Total	43,377,200	24,586,200
Assets less liabilities on a wind-up basis	(10,644,700)	(1,551,100)
Transfer ratio	0.755	0.937

Transfer Ratio

The transfer ratio is equal to the ratio of the wind-up assets to the wind-up liabilities as indicated in table 5.3.

Pension Benefits Guarantee Fund (PBGF) Assessment

The PBGF Assessment is the annual premium toward the Pension Benefits Guarantee Fund. As the following table shows, the assessment depends on the size of the deficit for Ontario Plan beneficiaries (active and inactive members).

Table 5.4 – PBGF Assessment Base

	$
Ontario portion of solvency assets (before provision for expenses)	33,007,500
PBGF liabilities	43,377,200
PBGF assessment base	10,369,700
Additional liability for plant closure and/or permanent layoff benefits not funded	—

Section 6 – Normal Cost and Amortization Payments

Normal Cost

The table below summarizes the estimated going-concern cost of pension benefits being earned in the twelve-month period after the valuation date (the normal cost).

Table 6.1 – Normal Cost

	As at December 31, 2009		As at December 31, 2006	
	$	**% of payroll**	**$**	**% of payroll**
Normal cost				
> Division 1	1,361,100	(11.0)	1,320,600	(8.3)
> Division 2	382,000	(3.1)	389,800	(2.2)
> Total	1,743,100	(7.1)	1,710,400	(5.1)
Less employee contributions				
> Division 1	380,000	(3.1)	463,100	(2.9)
> Division 2	128,900	(1.0)	190,300	(1.1)
> Total	508,900	(2.1)	653,400	(1.9)
Residual normal cost				
> Division 1	981,100	(7.9)	857,500	(5.4)
> Division 2	253,100	(2.1)	199,500	(1.1)
> Total	1,234,200	(5.0)	1,057,000	(3.2)
Residual normal cost as a % of employee contributions				
> Division 1	258.2%		185.2%	
> Division 2	196.4%		104.8%	
> Average	242.5%		161.8%	

Reconciliation of Normal Cost

The factors contributing to the change in the normal cost are shown below:

Table 6.2 – Reconciliation of Normal Cost

	% of payroll
Normal cost as at December 31, 2006	5.1
Demographic changes	0.6
Changes in actuarial assumptions	0.7
Other factors[1]	0.7
Normal cost as at December 31, 2009	7.1

1 *Difference with prior actuary's normal cost.*

Amortization Payments

The amortization schedule as determined in the previous actuarial report is as follows:

Table 6.3 – Amortization Payments – Previous Valuations

Nature of liability or deficiency	Start date	End date	Annual amortization payment	Balance going-concern[1]	Balance solvency[2]
	mm-dd-yyyy	mm-dd-yyyy	$	$	$
Solvency	12-31-2006	12-31-2011	313,400	590,200	598,000
Going-concern unfunded liability	10-05-2009	10-05-2024	9,900	98,500	44,300
Solvency	10-05-2009	10-05-2014	78,900	331,500	341,600
Solvency	12-01-2009	12-01-2014	79,200	337,800	348,200
Total			481,400	1,358,000	1,332,100

1 *Value of amortization payments discounted with interest as at December 31, 2009 (at a rate of 6%)*

2 *Value of amortization payments (over next 5 years) discounted with interest as at December 31, 2009 (at a rate of 4.66%)*

Based on the financial position of the Plan shown in Sections 4 and 5, the previous amortization schedule must therefore be adjusted in the manner and order set out by the Ontario *Pension Benefits Act*.

The employer minimum required contributions to finance deficiencies as of this valuation date are thus as follows:

Table 6.4 – Amortization Payments – Current Valuation

Nature of liability or deficiency	Start date	End date	Annual amortization payment	Balance going-concern[1]	Balance solvency[2]
	mm-dd-yyyy	mm-dd-yyyy	$	$	$
Solvency	12-31-2006	12-31-2011	313,400	590,200	598,000
Going-concern unfunded liability	10-05-2009	10-05-2024	9,900	98,500	44,300
Solvency	10-05-2009	10-05-2014	78,900	331,500	341,600
Solvency	12-01-2009	12-01-2014	79,200	337,800	348,200
Going-concern unfunded liability	12-31-2009	12-31-2024	503,900	5,027,200	2,248,900
Solvency	12-31-2009	12-31-2014	1,068,600	4,623,800	4,769,100
Total			2,053,900	11,009,000	8,350,100

1 *Value of amortization payments discounted with interest as at December 31, 2009 (at a rate of 6%)*

2 *Value of amortization payments (over next 5 years) discounted with interest as at December 31, 2009 (at a rate of 4.66%)*

These amortization payments are in addition to amounts required to cover the residual normal cost. Higher amortization payments are acceptable but they cannot exceed the greater of the excess of the actuarial liabilities over the assets on the going-concern basis and the excess of the actuarial liabilities over the assets on a wind-up basis, plus interest in aggregate.

Appendix A – Going-Concern Actuarial Basis

Asset Valuation Method

The actuarial value of the assets used to determine the going-concern financial position is equal to the market value, adjusted for amounts payable and receivable (including the incoming asset transfer from the Canwest Publications Inc. Retirement Plan). This method is the same as the one used in the last valuation.

Actuarial Cost Method

The actuarial liabilities and the normal cost on a going-concern basis were calculated using the projected accrued benefit (or projected unit credit) actuarial cost method.

The actuarial liabilities are equal to the actuarial present value of benefits earned by members for services prior to the valuation date, taking into account the assumptions as indicated hereafter. As prescribed by laws, employee contributions cannot represent more than 50% of the pension benefit value (50% rule). In order to determine the realistic cost of these provisions, the projected accrued benefit prorated on service actuarial cost method was used for Division 2 members, rather than the projected accrued benefit actuarial cost method.

The normal cost is equal to the actuarial present value of benefits expected to be earned by members in the year following the valuation date. The residual normal cost is the excess of the normal cost over employees' required contributions.

The disabled members are deemed active members for valuation purposes; however, we did not assume any employee contributions on their part.

The ratio of the total normal cost to the covered payroll for the period will tend to stabilize over time if the demographic characteristics of the active and disabled members remain stable. All other things being equal, an increase in the average age of the active and disabled members will result in an increase in this ratio.

For valuation purposes, to determine eligibility for benefits and for any other use, the age used is the age on the date of the nearest birthday.

Actuarial Assumptions

The main actuarial assumptions used in the going-concern valuation are summarized in the following table. Some assumptions used in this valuation are different from those used in the previous valuation. For comparison purposes, the assumptions used in the last valuation are also included in the table. All rates and percentages are annualized unless otherwise noted.

Table A.1 – Actuarial Assumptions

	December 31, 2009	December 31, 2006, October 5, 2009, December 1, 2009	
	Both divisions	Division 1	Division 2
Interest	6.0%	6.5%	6.5%
Inflation	2.5%	3.0%	3.0%
Salary increase (productivity)	3.0%	3.5%	3.0%
Seniority and promotional salary increase	0.5%	0.5%	0.0%
Increase in maximum pensionable earnings	3.0%	3.5%	3.0%
Maximum pension	$2,494.44 in 2010 increasing by 3.0% thereafter	$2,222.22 in 2007 $2,333.33 in 2008 $2,444.44 in 2009 increasing by 3.5% thereafter	None assumed
Mortality	Full generational UP-94 table projected with scale AA	UP94 Mortality Table, projected to 2015	UP94 Mortality Table, projected to 2015
Termination of membership	Ontario Medium	Ontario Medium	Ontario Medium
Disability	None assumed	None assumed	None assumed
Retirement	Age 62	Retirement rates[1]	Age 63

1 Please refer to the Table 2 of the section 5A of the actuarial valuation report as at December 31, 2006.

Table A.2 – Ontario Medium termination rates

Age	Male	Female
20	15.0%	37.5%
25	10.0%	22.5%
30	7.0%	15.0%
35	4.9%	10.5%
40	2.9%	7.4%
45	1.8%	4.4%
50	0.6%	2.8%
55	0.0%	1.3%

Calculation of the value of amortization payments

The interest rate used to discount the value of amortization payments for the purposes of calculating the going-concern balance corresponds to the interest rate chosen for the valuation of the actuarial liabilities on a going-concern basis.

Choice of assumptions

The assumptions have been reviewed in light of current economic conditions to achieve a better match between the valuation of the actuarial liabilities and the valuation of the assets.

Based on the target portfolio set out in the investment policy, the expected long-term real returns of the different asset classes, the expected added value of the investment manager and the effect of diversification and rebalancing of the portfolio, we may anticipate a real return of about 4.60 %, which, when added to the expected inflation rate of 2.5 %, results in a rate of 7.10 %. However, it is appropriate to reduce this expectation by a margin for adverse deviations of 0.4 % and a provision for investment and administrative expenses of 0.7 %. Therefore, we believe that a nominal net rate of 6.0 % is appropriate.

Table A.3 – Rate of Return

	%
Anticipated inflation	2.5
Anticipated real rate of return	4.6
Margin for adverse experience	(0.4)
Margin for administrative fees	(0.7)
Interest rate	6.0

Considering the historically high correlation between inflation, salary increases and return on investment, the YPME and salary increases have been determined accordingly. Thus the general salary increases has been determined at 0.5% over the inflation rate. Increases due to promotions have been assumed at 0.50%.

In order to reflect improvement in life expectancy as well as future expectations, this current valuation uses the full generational UP-94 table projected with scale AA while UP-94 mortality table projected to 2015 with AA-scale was used for the prior valuation.

The retirement age assumption has been modified to reflect the past experience of the plan over the last few years, the plan provisions and future retirement patterns. In this current valuation, members are presumed to retire at age 62, regardless of the division in which they participate.

Disabled members are valued as active members; however no disability rates are applied. There are no recovery rates for them and their salaries are excluded from payroll.

Members aged over the retirement age assumption are assumed to retire immediately. Therefore, for the calculation of the actuarial cost as a percentage of contributions and payroll, the present value of benefits which would be earned by these members in the year following the valuation has been excluded.

Suspended members are valuated like active members for going-concern purposes because although they do not accrue future benefits, they are still employees.

Appendix B – Solvency and Wind-Up Actuarial Basis

Asset Valuation Method - Solvency

The actuarial value of the assets used to determine the solvency financial position is equal to the market value of assets, adjusted for amounts payable and receivable (including the incoming asset transfer from the Canwest Publications Inc. Retirement Plan). As permitted by law, an adjustment has been made to the solvency assets by applying an averaging method that stabilizes short-term fluctuations in the market value of the plan assets over a 5-year period. This smoothed method used consists to subtract from the assets, adjusted for amounts payable and receivable, as at the valuation date, an amount equal to:

a) 80% of the difference between the actual market value and the expected market value as at December 31, 2009, plus

b) 60% of the difference between the actual market value and the expected market value as at December 31, 2008, plus

c) 40% of the difference between the actual market value and the expected market value as at December 31, 2007, plus

d) 20% of the difference between the actual market value and the expected market value as at December 31, 2006.

Expected investment earnings are calculated by assuming that the fund's assets at the beginning of the Plan year and cash flows during the Plan year will generate a return that is equivalent to the rates described in this section.

The actuarial value of the solvency assets must also be reduced to take into account the provision for expenses.

This valuation method is different than the one used in the last valuation, where the actuarial value of the assets was equal to the market value of assets, adjusted for amounts payable and receivable (including the incoming asset transfer from the Hollinger Thomson pension plan), to which the provision for expenses was deducted.

Asset Valuation Method – Wind-Up

The actuarial value of the assets used to determine the wind-up financial position is equal to the market value of assets, adjusted for amounts payable and receivable (including the incoming asset transfer from the Canwest Publications Inc. Retirement Plan), minus a provision for expenses.

Actuarial Cost Method

The solvency liabilities are determined using the accrued benefit (or unit credit) actuarial cost method. The solvency liabilities are equal to the actuarial present value of all benefits earned by members for services prior to the valuation date assuming the Plan is wound up on the valuation date. This method is the same as the one used in the last valuation.

As permitted by law, in order to stabilize short-term fluctuations, an adjustment was made to the solvency liabilities as at December 31, 2009. The solvency liability adjustment is the amount, positive or negative, by which the value of the solvency liabilities is adjusted as a result of using the interest rates described below.

Actuarial Assumptions

The main actuarial assumptions used in the solvency and wind-up valuations correspond to those prescribed by the applicable legislation.

The main actuarial assumptions used for the valuation on a solvency basis are summarized in the following table. For comparison purposes, the assumptions used in the last valuation are also included. All rates and percentages are annualized unless otherwise noted.

Table B.1 – Solvency Actuarial Assumptions

	December 31, 2009	December 1, 2009	October 5, 2009	December 31, 2006
Interest (for payment by transfer of values)	3.90% for the next 10 years and 5.40% thereafter	3.90% for the next 10 years and 5.40% thereafter	3.70% for the next 10 years and 5.40% thereafter	4.75%
Interest (payment by purchases of annuities)	4.49%	4.36%	4.32%	4.50%
> Deferred annuity purchase	N/A	N/A	N/A	4.25%
Inflation	None	None	None	None
Salary increase (productivity)	None	None	None	None
Increase in maximum pensionable earnings	None	None	None	None
Increase in maximum pension	$2,444.44	$2,444.44	$2,444.44	$2,222.22
Interest credited on employee contributions	None	None	None	None
Annuity purchase	UP-94 Table projected to 2020 with scale AA sex distinct	UP-94 Table projected to 2015 with scale AA sex distinct	UP-94 Table projected to 2015 with scale AA sex distinct	UP-94 Table projected to 2015 with scale AA sex distinct
> Transfer value	Unisex rates based on: 60% UP-94 Male Table projected to 2020 with scale AA and 40% UP-94 Female Table projected to 2020 with scale AA.	Unisex rates based on: 60% UP-94 Male Table projected to 2020 with scale AA and 40% UP-94 Female Table projected to 2020 with scale AA.	Unisex rates based on: 60% UP-94 Male Table projected to 2020 with scale AA and 40% UP-94 Female Table projected to 2020 with scale AA.	N/A
Termination of membership	None	None	None	None
Retirement	Age that maximizes the value of the pension	Age that maximizes the value of the pension	Age that maximizes the value of the pension	Age that maximizes the value of the pension
Provision for expenses	$275,000	N/A	N/A	$100,000

The main actuarial assumptions used for the valuation on a wind-up basis correspond to those used in the solvency valuation.

Vesting of benefits

In conformity with the Ontario *Pension Benefits Act*, each member's pension benefits subject to this legislation as at the valuation date shall be determined as if the member had satisfied all eligibility conditions for a deferred pension. Moreover, all grow-in rights attributable to these members have been included in the accrued benefits, specifically:

> Members with 55 points (age plus service) were assumed to grow into a subsidized early retirement benefit.

> For the purposes of determining eligibility for the unreduced pension, we assumed that the Plan remained in effect to the member's retirement date and that the member remained employed to that date.

Payment of benefits

We have assumed that 100 % of all active and deferred vested members less than 55 years old would opt for the transfer of the value of their rights. We have also assumed that the benefits of all other members would be insured with an insurance company. This approach is different than the one used in the last valuation, in the sense that it was assumed that all deferred vested members would opt for the purchase of deferred annuity with an insurance company.

Average salaries

The average salaries have been calculated as at the valuation date, using actual past salaries.

Termination scenario

The termination scenario used in the solvency and wind-up valuations includes the following assumptions:

> Plan wind-up would not result from employer insolvency.

> All assets could be realized at their reported market value.

This approach is the same as the one used in the last valuation.

Discounted value of payments

The interest rate used to discount the amortization payments for the purposes of calculating the solvency asset adjustment and the solvency balance corresponds to the interest rate chosen for the valuation of the members' benefits settled by a lump sum transfer (non indexed pensions, first 10 years).

Margin for adverse deviations

As specified by the Standards of practice of the Canadian Institute of Actuaries, the solvency assumptions do not include a margin for adverse deviations.

Choice of assumptions

The assumptions used on a solvency basis to value the members benefits settled by a lump sum transfer are in accordance with the Plan provisions, the applicable legislation as well as Section 3800 of the Canadian Institute of Actuaries' Standards of Practice for Pension Commuted Values (Revised December 8, 2008 and as amended from time to time, if applicable).

The assumptions used to value the benefits of members and beneficiaries settled by the purchase of annuities with an insurance company are in conformity with the educational note published on April 14, 2010 by the Canadian Institute of Actuaries and are based on an estimate of the premium that would be required by an insurer to guarantee payment of the pensions.

In determining the solvency liability adjustment, the interest rates used were calculated as follows:

Table B.3 – Determination of the interest rates to stabilize fluctuations

Date	Rates for transfer of values first 10 years	Rates for transfer of values after 10 years	Rates for purchase of annuities	Weighted rates
mm-dd-yyyy	%	%	%	%
31/12/2005	4.90	5.50	4.50	—
31/12/2006	5.10	5.30	4.60	—
31/12/2007	5.20	5.40	4.50	—
31/12/2008	4.20	5.70	4.85	—
31/12/2009	3.90	5.40	4.49	—
Average interest rates	4.66	5.46	4.59	

The average interest rates (first 10 years and after) used to value the members benefits which, in case of Plan wind-up, would be settled by a lump sum transfer are calculated using rates that conform to the Plan provisions, the applicable legislation as well as Section 3800 of the Canadian Institute of Actuaries' Standards of Practice for Pension Commuted Values effective as at December 31, 2009 assuming this section, as it read on December 31, 2009, had been in effect for the years prior to 2009.

The average interest rate used to value the members benefits which, in case of Plan wind-up, would be settled by the purchase of annuities is calculated using rates that conform to the educational notes published by the Canadian Institute of Actuaries and applicable as at these different chosen dates, taking into account the plan's annuity purchase size when applicable. These rates are based on an estimate of the premium that would be required by an insurer to guarantee payment of the pensions.

In determining the solvency asset adjustment, the interest rates used to calculate the expected investment earnings for each year correspond to the rates for transfer of values for the first 10 years indicated in the table above.

Allowance has been made for administrative, actuarial and legal costs which would be incurred if the Plan were to be wound up, based on sufficient and reliable data. It is assumed that the wind-up date, the calculation date and the settlement date are coincident, and as such, expenses related to investment policy reviews, investment and custodial fees are not included. Expenses related to the resolution of surplus and deficit issues are not taken into account. It is assumed that plan wind-up is not due to employer insolvency and that assets are realized at their market value, as shown in the financial statements. The amount of expenses is only an approximation and may differ significantly from real expenses incurred on plan wind-up, for example, in case of litigations, bankruptcy and eventual replacement by a third-party administrator.

Appendix C – Assets

Source of information

As at December, 31 2009, the invested assets were held by Manulife Financial (which have since been transferred to Desjardins Trust, as of July 7, 2010). We have relied upon the information contained in the financial statements prepared by Pratte, Bélanger Chartered Accountants Inc. following tests of reasonableness with respect to contributions, benefit payments and investment income. There was no indication of problem with the assets in their report. An adjustment was made to reflect the incoming asset transfer from Canwest's pension plan, for which the market value as at December 31, 2009 was used.

Statement of Market Value

The following table shows the asset mix as at December 31, 2009 and for comparison, the mix as at December 31, 2006.

Table C.1 – Assets at Market Value

	December 31, 2009	December 31, 2006
	$	$
Invested assets		
> McLean-Budden Balanced Fund	28,692,800	22,136,800
> Total	28,692,800	22,136,800
Other assets		
> Receivable from plan transfer (Canwest)	4,888,300	1,118,200
> Contributions receivable	128,200	205,400
> Contributions paid in advance (employer)	(10,600)	-
> Accounts payable and accrued liabilities	(43,600)	-
> Accrued benefit payments	(669,000)	(325,300)
> Total	4,293,300	998,300
Total market value of assets	32,986,100	23,135,100

Changes to Plan Assets

The following tables show changes to the Plan assets held by Manulife Financial during the intervaluation period, based on market values. The reconciliation is based on the statements issued by Pratte, Bélanger Chartered Accountants Inc., to which an adjustment was made to reflect the incoming asset transfer from Canwest's pension plan.

Table C.2 – Reconciliation

	2009	**2008**	**2007**
	$	$	$
Assets at beginning of year	22,256,500	24,791,400	23,135,100
Receipts			
> Contributions			
– Employee	548,400	641,800	650,600
– Employer	888,700	1,640,000	1,396,800
– Total contributions	1,437,100	2,281,800	2,047,400
> Transfers from other plans	6,805,300	—	—
> Investment income	3,803,900	(3,537,000)	354,300
> Total receipts	12,046,300	(1,255,200)	2,401,700
Disbursements			
> Benefits			
– Benefits payments	428,700	301,300	362,100
– Payments to members on termination	671,600	711,600	49,400
– Total benefits	1,100,300	1,012,900	411,500
> Expenses (fees)	216,400	266,800	333,900
> Total disbursements	1,316,700	1,279,700	745,400
Assets at end of year	32,986,100	22,256,500	24,791,400

Asset Valuation Method – Solvency

The actuarial value of assets used to determine the solvency financial position is based on a market value, adjusted for payments due to and payable from the pension fund, while smoothing out market fluctuations. The actuarial value of assets is determined by subtracting from the market value as at the valuation date, an amount equal to:

a) 80% of the difference between the actual market value and the expected market value as at December 31, 2009, plus

b) 60% of the difference between the actual market value and the expected market value as at December 31, 2008, plus

c) 40% of the difference between the actual market value and the expected market value as at December 31, 2007, plus

d) 20% of the difference between the actual market value and the expected market value as at December 31, 2006.

Expected investment earnings are calculated by assuming the fund assets at the beginning of the Plan year and cash flows during the Plan year will earn the solvency valuation interest rate.

Table C.3 – Actuarial Value of Assets - Solvency

Year	Market value (beginning of year)	Contributions paid	Benefits paid and transfers	Administrative fees	Anticipated rate of return	Anticipated return
	$	$	$	$	%	$
2006	18,772,800	1,615,900	699,600	247,300	4.90	942,300
2007	23,135,100	2,047,500	411,500	333,900	5.10	1,221,600
2008	24,791,400	2,281,800	1,012,900	266,800	5.20	1,322,100
2009	22,256,500	1,437,100	(5,705,000)	216,400	4.20	941,800

Table C.3 – Actuarial Value of Assets - Solvency (continued)

Year	Anticipated assets (end of year)	Actual assets (end of year)	Actual return	Difference: actual less anticipated assets	Adjustment	Actuarial value (end of year)
	$	$	$	$	$	$
2006	20,631,400	23,135,100	3,446,000	2,503,700	2,235,100	20,900,000
2007	25,992,800	24,791,400	20,200	(1,201,400)	33,700	24,757,800
2008	27,382,400	22,256,500	(3,803,700)	(5,125,900)	(2,225,700)	24,482,200
2009	30,340,500	32,986,100	3,587,400	2,645,600	(938,900)	33,925,000

Return of Assets

The Plan assets earned the following annualized rates of return, net after investment manager fees and other expenses charged to the fund:

Table C.4 – Rate of Returns

Year	Market value basis	Actuarial value basis (solvency)
	%	%
2007	(0.16)	10.23
2008	(14.96)	(6.08)
2009	16.00	9.33

Reconciliation of asset transfers

The following tables present the reconciliation of the three asset transfers reflected in this valuation, from the original transfer date to the effective transfer date.

Table C.5 – Reconciliation of assets originating from Vancouver Island

	Assets originating from Vancouver Island
	$
Assets as at February 14, 2003	885,100
Receipts	
> Investment income	281,200
> Total receipts	281,200
Disbursements	
> Benefits	
– Benefits payments	115,000
– Payments to members on termination	276,500
– Total benefits	391,500
> Expenses (fees)	30,300
> Total disbursements	421,800
Assets as at October 5, 2009	744,500

Table C.6 – Reconciliation of assets originating from Sterling

	Assets originating from Sterling
	$
Assets as at July 31, 2001	1,112,600
Receipts	
> Investment income	504,700
> Total receipts	504,700
Disbursements	
> Benefits	
– Benefits payments	49,600
– Payments to members on termination	292,100
– Total benefits	341,700
> Expenses (fees)	103,100
> Total disbursements	444,800
Assets as at December 1, 2009	1,172,500

Table C.7 – Reconciliation of assets originating from Canwest Publications

	Assets originating from Canwest Publications
	$
Assets as at February 14, 2003	4,557,500
Receipts	
> Investment income **net of expenses**	1,494,100
> Total receipts	1,494,100
Disbursements	
> Benefits	
– Benefits payments	579,500
– Payments to members on termination	583,800
– Total benefits	1,163,300
> Total disbursements	1,163,300
Assets as at December 31, 2009	4,888,300

Appendix D – Membership Data

Description of Membership Data

Our valuation is based on data provided to us by the Plan Administrator and was compiled as at December 31, 2009. We have taken the following steps to review the data to ensure sufficiency and reliability:

> each member's records were reconciled and the results of this reconciliation were submitted to the Plan administrator;

> individual benefit statements were distributed to the members who were requested to report any errors;

> the contributions and pensions paid since the last valuation shown in the financial statements were compared with the equivalent values produced by the data;

> a reconciliation was prepared in order to follow the changes concerning some of the active members, retirees and vested members;

> basic data checks were performed to ensure that age, salary and service data were reasonable for the purposes of the valuation.

Summary of Membership Data

The following tables were prepared using data provided by the Plan Administrator regarding its active members, retirees and former members.

These tables show the following:

D.1 A summary of membership data

D.2 Changes in Plan membership

D.3 Distribution of active members according to age and service as at December 31, 2009 (Division 1)

D.4 Distribution of active members according to age and service as at December 31, 2009 (Division 2)

D.5 A summary of membership data relatively to the Vancouver Island transfer

D.6 Changes in Plan membership relatively to the Vancouver Island transfer

D.7 A summary of membership data relatively to the Sterling transfer

D.8 Changes in Plan membership relatively to the Sterling transfer

D.9 A summary of membership data relatively to the Canwest Publications transfer

D.10 Changes in Plan membership relatively to the Canwest Publications transfer

Table D.1 – Summary of Membership Data

	December 31, 2009	December 31, 2006
Active members[1]		
Division 1		
Number	221	290
Total payroll for following year	$12,599,000	$15,915,100
Average salary	$57,000	$54,900
Average age	49.0	47.2
Average credited service	13.6	8.7
Division 2		
Number	281	420
Total payroll for following year	$12,587,400	$17,367,300
Average salary	$44,800	$41,400
Average age	48.8	46.1
Average credited service	9.3	5.6
Average annual pension	$2,600	n/d
Retirees and Beneficiaries		
Number	107	56
Total annual pensions	$779,900	$277,700
Average annual pension	$7,300	$5,000
Average age	64.8	63.4
Suspended members		
Number	30	31
Total annual pensions[2]	$66,000	$38,700
Average annual pension[2]	$2,200	$2,300
Average salary[3]	-	$47,400
Average credited service[3]	-	3.9
Average age	43.7	45.3

Table D.1 – Summary of Membership Data (cont'd)

	December 31, 2009	December 31, 2006
Terminated vested members		
Number	107	38
Total annual pensions	$403,000	$113,000
Average annual pension	$3,800	$3,000
Average age	47.7	50.7
Terminated members awaiting payment		
Number	55	-
Total amount	$995,300	-

1 *2010 salaries estimated by increasing the 2009 salaries by 1.5%. Includes the following disabled members' payroll as at December 31, 2009:*
> Division 1: $246,100
> Division 2: $291,700

2 *In respect of 17 suspended members with frozen pension amounts as at December 31, 2006.*

3 *In respect of 14 suspended members eligible for salary escalations as at December 31, 2006.*

Table D.2 – Changes in Plan membership

	Active and disabled members	Suspended members	Terminated vested members	Retirees and Beneficiaries	Awaiting payments	Total
Members as at December 31, 2006	710	31	38	56	—	835
New participants	128	—	—	—	—	128
Data adjustments	—	(20)	—	—	—	(20)
Retirements	(44)	—	(7)	51	—	—
Terminations:						
> Deferred pensions	(77)	—	77	—	—	—
> Awaiting payments	(55)	—	—	—	55	—
> Transfer or lump sum	(139)	—	(1)	—	—	(140)
Suspended:						
> Leave of absence	(2)	2	—	—	—	—
> Opt out	(17)	17	—	—	—	—
Deaths:						
> With no death benefit	—	—	—	—	—	—
> Transfer or lump sum	(2)	—	—	—	—	(2)
Members as at December 31, 2009	502	30	107	107	55	801

Table D.3 – Division 1

Distribution of active members according to age and service as at December 31, 2009

Year of service		Age									
		29 and -	**30-34**	**35-39**	**40-44**	**45-49**	**50-54**	**55-59**	**60-64**	**65 +**	**Total**
0-4	**Number**	5	7	4	3	4	8	3			**34**
	Tot. Sal.	251 893	363 693	209 755	126 081	239 193	507 497	151 864			**1 849 976**
	Avg. Sal.	50 379	51 956	52 439	42 027	59 798	63 437	50 621			**54 411**
5-9	**Number**		4	9	6	8	10	8	5		**50**
	Tot. Sal.		195 867	534 767	390 994	799 600	492 254	381 033	239 116		**3 033 631**
	Avg. Sal.		48 967	59 419	65 166	99 950	49 225	47 629	47 823		**60 673**
10-14	**Number**			1	13	15	13	8	5		**55**
	Tot. Sal.				695 877	921 297	714 307	431 258	272 160		**3 078 124**
	Avg. Sal.				53 529	61 420	54 947	53 907	54 432		**55 966**
15-19	**Number**			1	6	7	9	2	1		**26**
	Tot. Sal.				333 855	370 108	631 804	84 879			**1 497 691**
	Avg. Sal.				55 643	52 873	70 200	42 440			**57 604**
20-24	**Number**				1	9	3	6	2		**21**
	Tot. Sal.					554 345	122 998	308 144	144 064		**1 196 818**
	Avg. Sal.					61 594	40 999	51 357	72 032		**56 991**
25-29	**Number**					3	10	4	3		**20**
	Tot. Sal.					167 706	493 765	197 150	202 593		**1 061 214**
	Avg. Sal.					55 902	49 377	49 288	67 531		**53 061**
30 +	**Number**						1	10	4		**15**
	Tot. Sal.							587 185	242 006		**881 543**
	Avg. Sal.							58 719	60 502		**58 770**
Total	**Number**	**5**	**11**	**15**	**29**	**46**	**54**	**41**	**20**		**221**
	Tot. Sal.	**251 893**	**559 560**	**833 454**	**1 614 074**	**3 052 249**	**3 014 977**	**2 141 513**	**1 131 277**		**12 598 997**
	Avg. Sal.	**50 379**	**50 869**	**55 564**	**55 658**	**66 353**	**55 833**	**52 232**	**56 564**		**57 009**

Average age : *49.0*

Average number of years of service : *13.6*

Notes:

- *The age is computed at the nearest birthday.*
- *Years of service means the number of years of credited service for pension plan purposes, fractional parts being rounded to the nearest integer.*
- *The salary used is the salary rate as of January 1, 2010.*

Table D.4 – Division 2

Distribution of active members according to age and service as at December 31, 2009

Year of service		Age									
		29 and -	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65 +	Total
0-4	**Number**	4	4	5	7	9	6				**35**
	Tot. Sal.	137 459	154 228	215 030	258 533	537 810	291 696				**1 594 756**
	Avg. Sal.	34 365	38 557	43 006	36 933	59 757	48 616				**45 564**
5-9	**Number**	1	8	13	17	25	21	13	10	2	**110**
	Tot. Sal.		279 651	630 682	793 515	924 190	907 344	577 699	394 042	45 237	**4 591 722**
	Avg. Sal.		34 956	48 514	46 677	36 968	43 207	44 438	39 404	22 619	**41 743**
10-14	**Number**			8	16	26	39	31	12	4	**136**
	Tot. Sal.			344 106	689 001	1 298 149	1 818 628	1 545 655	539 398	165 972	**6 400 909**
	Avg. Sal.			43 013	43 063	49 929	46 631	49 860	44 950	41 493	**47 066**
15-19	**Number**										
	Tot. Sal.										
	Avg. Sal.										
20-24	**Number**										
	Tot. Sal.										
	Avg. Sal.										
25-29	**Number**										
	Tot. Sal.										
	Avg. Sal.										
30 +	**Number**										
	Tot. Sal.										
	Avg. Sal.										
Total	**Number**	**5**	**12**	**26**	**40**	**60**	**66**	**44**	**22**	**6**	**281**
	Tot. Sal.	**176 821**	**433 879**	**1 189 818**	**1 741 049**	**2 760 149**	**3 017 668**	**2 123 354**	**933 440**	**211 209**	**12 587 387**
	Avg. Sal.	**35 364**	**36 157**	**45 762**	**43 526**	**46 002**	**45 722**	**48 258**	**42 429**	**35 202**	**44 795**

Average age : 48.8
Average number of years of service : 9.3

Notes:

- *The age is computed at the nearest birthday.*
- *Years of service means the number of years of credited service for pension plan purposes, fractional parts being rounded to the nearest integer.*
- *The salary used is the salary rate as of January 1, 2010.*

Table D.5 – Summary of Membership Data relatively to Vancouver Island transfer

	December 31, 2009
Active members	
Number	48
Total annual pension	$82,300
Average annual pension	$1,700
Average age	50.8
Retirees and Beneficiaries	
Number	13
Total annual pensions	$25,900
Average annual pension	$2,000
Average age	65.4
Suspended members	
Number	2
Total annual pension	$1,200
Average annual pension	$600
Average age	38.0
Terminated vested members	
Number	10
Total annual pensions	$16,800
Average annual pension	$1,700
Average age	52.4
Terminated members awaiting payment	
Number	1
Total amount	$100

Table D.6 – Changes in Plan membership relatively to Vancouver Island transfer

	Active and disabled members	Suspended members	Terminated vested members	Retirees and Beneficiaries	Awaiting payments	Total
Members as at February 14, 2003	104	—	—	—	—	104
Retirements	(13)	—	—	13	—	—
Terminations:						
> Deferred pensions	(10)	—	10	—	—	—
> Awaiting payments	(1)	—	—	—	1	—
> Transfer or lump sum	(30)	—	—	—	—	(30)
Suspended:						
> Leave of absence	—	—	—	—	—	—
> Opt out	(2)	2	—	—	—	—
Deaths:						
> With no death benefit	—	—	—	—	—	—
> Transfer or lump sum	—	—	—	—	—	—
Members as at December 31, 2009	48	2	10	13	1	74

Table D.7 – Summary of Membership Data relatively to Sterling transfer

	December 31, 2009
Active members	
Number	68
Total annual pension	$116,600
Average annual pension	$1,700
Average age	52.3
Retirees and Beneficiaries	
Number	16
Total annual pensions	$21,000
Average annual pension	$1,300
Average age	64.2
Terminated vested members	
Number	21
Total annual pensions	$22,800
Average annual pension	$1,100
Average age	47.7
Terminated members awaiting payment	
Number	7
Total amount	$43,000

Table D.8 – Changes in Plan membership relatively to Sterling transfer

	Active and disabled members	Suspended members	Terminated vested members	Retirees and Beneficiaries	Awaiting payments	Total
Members as at July 31, 2001	170	—	—	—	—	170
Retirements	(16)	—	—	16	—	—
Terminations:						
> Deferred pensions	(21)	—	21	—	—	—
> Awaiting payments	(7)	—	—	—	7	—
> Transfer or lump sum	(58)	—	—	—	—	(58)
Suspended:						
> Leave of absence	—	—	—	—	—	—
> Opt out	—	—	—	—	—	—
Deaths:						
> With no death benefit	—	—	—	—	—	—
> Transfer or lump sum	—	—	—	—	—	—
Members as at December 31, 2009	68	—	21	16	7	112

Table D.9 – Summary of Membership Data relatively to Canwest Publications transfer

	December 31, 2009
Active members	
Number	58
Average salary	$54,600
Average age	51.6
Average credited service	8.9
Retirees and Beneficiaries	
Number	23
Total annual pensions	$195,600
Average annual pension	$8,500
Average age	65.1
Terminated vested members	
Number	19
Total annual pensions	$76,600
Average annual pension	$4,000
Average age	48.9
Terminated members awaiting payment	
Number	2
Total amount	$124,700

Table D.10 – Changes in Plan membership relatively to Canwest Publications transfer

	Active and disabled members	Suspended members	Terminated vested members	Retirees and Beneficiaries	Awaiting payments	Total
Members as at February 14, 2003	138	—	—	—	—	138
Retirements	(23)	—	—	23	—	—
Terminations:						
> Deferred pensions	(19)	—	19	—	—	—
> Awaiting payments	(2)	—	—	—	2	—
> Transfer or lump sum	(35)	—	—	—	—	(35)
Suspended:						
> Leave of absence	—	—	—	—	—	—
> Opt out	—	—	—	—	—	—
Deaths:						
> With no death benefit	—	—	—	—	—	—
> Transfer or lump sum	(1)	—	—	—	—	(1)
Members as at December 31, 2009	58	—	19	23	2	102

Appendix E – Summary of main plan provisions

The following is a summary of the main provisions of the Plan.

Effective date

The effective date of the Plan is July 31, 2001.

Eligibility

Each employee who was acquired as part of the purchase and sale effective July 31, 2001 and who was a member of one of the Hollinger plans automatically became a member of the Plan on that date and commenced to accrue benefits in either Division 1 or Division 2, depending on the former plan in which they participated.

Each employee who was acquired as part of the purchase and sale effective February 14, 2003 and who was a member of one of the Canwest plans automatically became a member of the Plan on that date and commenced to accrue benefits in either Division 1 or Division 2, depending on the former plan in which they participated.

Each full-time salaried employee of Osprey Media Publishing Inc. is eligible to join the Plan following three months of continuous service (Division 1 members) or on the first day of January following his date of hire (Division 2 members). Part time employees may join the after completing 24 months of continuous service and either earning at least 35% of the YMPE in two consecutive plans years or working at least 700 hours in two consecutive plan years.

Contributions

Division 1 Members

Members are required to contribute 2.5% of the earnings not in excess of the YMPE, plus 5% of earnings in excess of the YMPE; or

Division 2 Members

In each Plan year, members are required to contribute 5.0% of earnings less the amount contributed to the Canada Pension Plan.

Retirement Dates

Normal retirement date is the first day of the month coincident with or next following the member's 65th birthday.

A member may retire early provided he has completed 24 months of continuous Plan membership and attained age 55.

Amount of Pension on Normal Retirement

Each member who retires on his normal retirement date will receive an annual pension determined as the sum of:

Division 1 Members

Division 1 members are entitled to the sum of (i) plus (ii) as follows:

(i) either (A) or (B) as follows:

(A) a specified annual retirement income for credited service before a specified date, if the member was not a former member of the Kingston Plan; or

(B) 40% of the member's required contributions for credited service up to and including April 30, 1988, if the member was a former member of the Kingston Plan.

(ii) either (A) or (B) as follows:

(A) 1.25% of the member's final average earnings up to the average YMPE plus 1.75% of the member's final average earnings over the average YMPE multiplied by the member's credited service after a specified date, if the member was not a former member of the Kingston Plan; and

(B) 1.4% of earnings up to the YMPE plus 2.0% of the member's earnings over the average YMPE multiplied by the member's credited service on and after May 1, 1988, if the member was a former member of the Kingston Plan.

Division 2 Provision

Division 2 members are entitled to an annual pension equal to 2.0% of the member's earnings in each Plan year less the greater of (i) or (ii) as follows:

(i) zero;

(ii) The sum of (A) minus (B) minus (C) where:

(A) is {2% of the member's earnings in the Plan year less [(5.0% - the employee's contribution rate to the Canada Pension Plan in the Plan Year) ÷ 2]} multiplied by the member's earnings in the Plan year in excess of the year's Basic Exemption, as defined under the Canada Pension Plan, but less than the YMPE in the Plan year;

(B) is 0.5% of the member's earnings up to the year's Basic Exemption in the Plan year, as defined under the Canada Pension Plan; and

(C) is 0.5% of the member's earnings in excess of the YMPE in the Plan year, if any,

on and after October 5, 1995.

The above pension is equal to 50% of the member's required contributions made on and after October 5, 1995, in respect of the member's credited service on and after October 5, 1995.

Amount of Pension on Early Retirement

Each member who retires on his early retirement date will receive a pension determined as above, but with any pension reduced by:

Division 1 Members

1/3 of 1% for each month by which his early retirement date precedes the earliest of:

(i) his normal retirement date

(ii) completion of 10 years of eservice and the attainment of age 62.

Division 2 Members

The sum of:

(i) 1/3 of 1% for each complete month by which his early retirement date precedes age 60.

(ii) 1/2 of 1% for each complete month by which his early retirement date precedes normal retirement date to a maximum of 60 months.

Normal Form

The normal form of pension is payable for the lifetime of the retired member with payments guaranteed for 60 months. Optional forms of pension, including the automatic form of pension applicable under pension legislation to a member with an eligible spouse, are available on an actuarial equivalent basis.

Death Benefit before Retirement

If a member should die prior to completion of 24 months of continuous Plan membership, the death benefit payable under the Plan is equal to the member's required contributions made to the Plan, plus interest.

If a member should die following completion of 24 months of continuous Plan membership, the death benefit payable under the Plan is either (A) or (B) as follows:

(A) The commuted value of the member's accrued pension, if the member was not a former member of the Kingston Plan; or

(B) The sum of (i) plus (ii) as follows:

- (i) A refund of the member's required contributions, plus interest, made prior to January 1, 1987.
- (ii) The commuted value of the member's accrued pension in respect of credited service after December 31, 1986;

if the member was a former member of the Kingston Plan.

Termination Benefits

If a member should terminate his employment with Osprey Media Publishing Inc. for any reason other than death or retirement prior to completion of 24 months of continuous Plan membership, the member will receive a lump sum refund of his required contributions made to the Plan, plus interest.

If a member should terminate his employment with Osprey Media Publishing Inc. for any reason other than death, disability of retirement following completion of 24 months of continuous Plan membership, the member will receive a deferred pension equal to his accrued pension to commence on his normal retirement date. The member may transfer the lump-sum value of his benefit out of the plan to a registered retirement vehicle.

Appendix F – Employer Confirmation Certificate

With respect to the actuarial valuation report of Osprey Pension Plan as at December 31, 2009, we hereby confirm that to the best of our knowledge:

> the data regarding Plan members and beneficiaries provided to Morneau Sobeco constitutes a complete and accurate description of the information contained in our files;

> copies of the official text of the Plan and all amendments to date were provided to Morneau Sobeco and the summary of Plan provisions contained in this report is accurate;

> there are no subsequent events nor any extraordinary changes to the membership other that those listed in the December 31, 2009 actuarial report on the Plan, which would materially affect the results.

Signature

Angela Crane

Name (printed)

Director, Payroll operations

Title

Oct 26/2010

Date