



CITYMEDIA GROUP INC.

CITYMEDIA GROUP INC. PENSION PLAN

Actuarial Valuation as at December 31, 2006

Registration Number 1050871

September 2007

This document is being filed with the Financial Services Commission of Ontario and the Canada Revenue Agency as required by statute and contains confidential financial information regarding the plan, the plan sponsor, and the plan members. Therefore, pursuant to subsection 20(1)(b) of the *Access to Information Act (Canada)*, or a corresponding provision under any comparable federal or provincial legislation, a government institution shall not disclose this document to any party as a result of a request under the *Access to Information Act (Canada)* or other applicable legislation.

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Introduction

This report has been prepared for CityMedia Group Inc. and presents the results of the actuarial valuation, as at December 31, 2006, of the CityMedia Group Inc. Pension Plan.

The principal purposes of the report are:

- to present information on the financial position of the plan on a going concern basis;
- to compare actual and expected experience under the plan on a going concern basis;
- to present information on the financial position of the plan on a solvency basis;
- to review the windup status of the plan;
- to provide the basis for employer contributions; and
- to provide the information and the actuarial opinion required by the Financial Services Commission of Ontario and the Canada Revenue Agency.

The previous actuarial valuation of the plan was prepared as at December 31, 2003. Since the previous actuarial valuation, there have been no changes to the plan provisions. Since the previous actuarial valuation, the solvency and windup actuarial assumptions have been updated to reflect market conditions at the valuation date. In addition, there have been changes to the going concern actuarial basis as outlined in the report.

Since the previous actuarial valuation, the Income Tax Act (Canada) was amended to increase the maximum defined benefit pension limits for years after 2005. The financial impact of this change is reflected in this report effective on the valuation date.

Since the previous actuarial valuation, The Canadian Institute of Actuaries approved new *Standards of Practice for Pension Commuted Values*. The new standards have been reflected for purposes of the solvency and windup valuation.

This report summarizes the results of the actuarial valuation and contains an actuarial opinion as an integral part of the report. The supporting detailed information on assets, actuarial basis, membership data and plan provisions is contained in the Appendices.

We are not aware of any events which occurred subsequent to the valuation date that would materially change the plan's financial position.

The information contained in this report was prepared for CityMedia Group Inc., for its internal use and for filing with the Financial Services Commission of Ontario and the Canada Revenue Agency, in connection with Towers Perrin's actuarial valuation of the plan. This report is not intended or necessarily suitable for other parties or for other purposes. Further distribution of all or part of this report to other parties (except where such distribution is required by applicable legislation) or other use of this report is expressly prohibited without Towers Perrin's prior written consent.

Going Concern Financial Position

Statement of Financial Position

	December 31, 2006	December 31, 2003
Actuarial Value of Assets ¹	\$ 77,792,252	\$ 51,547,695
Actuarial Liability		
Active, suspended and disabled members	\$ 43,127,369	\$ 40,501,450
Retired members and beneficiaries	16,923,717	8,432,725
Terminated vested members	391,456	238,717
Optional ancillary contributions	446,405	215,220
Total actuarial liability	\$ 60,888,947	\$ 49,388,112
Actuarial Surplus (Unfunded Actuarial Liability)	\$ 16,903,305	\$ 2,159,583

Note:

¹ Including optional ancillary contributions.

Comments:

- The financial position of the plan on a going concern basis is determined by comparing the actuarial value of assets to the actuarial liability and is a reflection of the assets available for the benefits accrued in respect of credited service prior to the valuation date assuming the plan continues indefinitely.

Reconciliation of Financial Position

Actuarial surplus (unfunded actuarial liability) as at January 1, 2004		\$ 2,159,583
Net special payments:		
■ Going concern amortization payments	\$ 0	
■ Solvency amortization payments	0	
■ Transfer deficiency payments	0	
■ Prepaid contributions	0	
■ Other contributions	<u>0</u>	0
Application of:		
■ Actuarial surplus	\$ (726,391)	
■ Prepaid contributions	<u>0</u>	(726,391)
Expected interest on:		
■ Actuarial surplus (unfunded actuarial liability)	\$ 449,085	
■ Going concern amortization payments	0	
■ Solvency amortization payments	0	
■ Transfer deficiency payments	0	
■ Prepaid contributions	0	
■ Other contributions	0	
■ Application of actuarial surplus	(23,236)	
■ Application of prepaid contributions	<u>0</u>	425,849
Plan experience:		
■ Investment gains (losses)	\$ 12,492,520	
■ Liability gains (losses) ¹	<u>2,013,176</u>	14,505,696
Change in actuarial basis ²		538,568
Change in plan provisions		<u>0</u>
Actuarial surplus (unfunded actuarial liability) as at December 31, 2006		\$ 16,903,305

Notes:

¹ The liability gains (losses) of \$2,013,176 are comprised of a gain (loss) on retirement experience of \$(680,000), a gain (loss) on withdrawal experience of \$(290,000), a gain (loss) on salary experience of \$3,930,000, a gain (loss) on transfers of \$290,000 and gains (losses) attributable to miscellaneous sources of \$(1,236,824).

² The change in the actuarial basis is due to a change in the withdrawal assumption.

Solvency Financial Position

Statement of Financial Position

	December 31, 2006	December 31, 2003
Solvency Value of Assets ¹		
Market value of assets	\$ 77,792,252	\$ 51,547,695
Reserve for plan windup expenses	<u>(150,000)</u>	<u>(125,000)</u>
Total solvency value of assets	\$ 77,642,252	\$ 51,422,695
Solvency Liability		
Active, suspended and disabled members	\$ 49,645,581	\$ 37,465,484
Retired members and beneficiaries	20,283,779	9,186,348
Terminated vested members	538,378	259,678
Optional ancillary contributions	<u>446,405</u>	<u>215,220</u>
Total solvency liability	\$ 70,914,143	\$ 47,126,730
Solvency Surplus (Unfunded Solvency Liability)	\$ 6,728,109	\$ 4,295,965

Note:

¹ Including optional ancillary contributions.

Comments:

- The financial position of the plan on a solvency basis is determined by comparing the solvency value of assets to the solvency liability (the actuarial present value of benefits accrued in respect of credited service prior to the valuation date, calculated as if the plan were wound up on that date).
- Under the Regulation to the Pension Benefits Act (Ontario), the employer may elect to exclude from the solvency liability any benefits relating to plant closure and permanent layoff. This plan does not have any such benefits.
- In addition, the Regulation permits certain other benefits to be excluded from the solvency liability. No such benefits have been excluded from the solvency liability. Consequently, the windup liability is \$70,914,143 and the windup surplus (unfunded windup liability) as at the valuation date is \$6,728,109.

Contributions

Normal Actuarial Cost and Amortization Payments (Ensuing Year)

	December 31, 2006	December 31, 2003
Employer Normal Actuarial Cost		
Estimated annual contribution	\$ 1,611,508	\$ 1,617,987
Estimated member contributions	980,473	987,937
% of member contributions	164%	164%
Annual Amortization Payments		
Going concern	\$ 0	\$ 0
Solvency	<u>0</u>	<u>0</u>
Total	\$ 0	\$ 0
Estimated Member Contributions	\$ 980,473	\$ 987,937

Comments:

- The employer normal actuarial cost rate changed by 19% of employee contributions due to the change in membership profile and by (19)% of employee contributions due to the change in actuarial basis since the previous valuation.
- Pursuant to Section 147.2(2) of the Income Tax Act (Canada), this valuation reveals that the plan has an excess actuarial surplus of \$10,859,051. The excess actuarial surplus must be applied towards the employer normal actuarial cost until the excess actuarial surplus has been depleted or until a subsequent actuarial certification is filed under the Income Tax Act (Canada) demonstrating that either the plan no longer has an excess actuarial surplus or that it no longer has assets sufficient to meet its obligations on a windup basis.

Timing of Contributions

To satisfy the requirements of Ontario pension legislation, the employer normal actuarial cost must be paid monthly and within 30 days of the month to which it pertains while the amortization payments must also be paid monthly but within the period to which they are applicable. Members' contributions must be remitted to the fund monthly and within 30 days of the month to which they pertain.

In addition, within 60 days after this report is filed with the Financial Services Commission of Ontario, the employer must make a special contribution equal to the excess, if any, of:

- the amount of employer contributions (employer normal actuarial cost and amortization payments) that should have been paid after December 31, 2006 according to the minimum contribution requirements

revealed by this report (determined with regard to any reported prepaid contributions or surplus available to meet these minimum contribution requirements), over

- the actual amount of employer contributions made in respect of periods after December 31, 2006.

Interest must be added to this excess, with such interest determined by reference to the going concern discount rate for payments in respect of employer normal actuarial cost or going concern amortization payments and the solvency discount rate for payments in respect of solvency amortization payments.

To satisfy the requirements of the Income Tax Act (Canada), employer contributions that are remitted to the plan in the taxation year or within 120 days after the end of such taxation year are deductible in such taxation year provided they were made to fund benefits in respect of periods preceding the end of the taxation year.

Other Statutory Contributions

Additional contributions may be required in respect of the transfer values for terminating members. Where applicable, such additional contributions must be remitted before the related transfer value may be paid to the terminated member. Details are provided in Appendix E.

Future Contribution Levels

Future contribution levels may change as a result of future changes in the actuarial methods and assumptions, the membership data, the plan provisions and the legislative rules, or as a result of future experience gains or losses, none of which has been anticipated at this time. Emerging experience, differing from the assumptions, will result in gains or losses that will be revealed in future actuarial valuations.

Actuarial Opinion

In our opinion, for the purposes of the going concern valuation, the solvency valuation and the windup valuation, the data on which the valuations are based are sufficient and reliable, the assumptions are, in aggregate, appropriate and the methods employed in the valuations are appropriate. This report has been prepared, and our opinion has been given, in accordance with accepted actuarial practice. The valuations have been conducted in accordance with the funding and solvency standards prescribed by the Pension Benefits Act (Ontario) and Regulation thereto, and in conformity with the requirements of the Income Tax Act (Canada) and Regulation thereto. This actuarial opinion forms an integral part of the report.

Based on the results of these valuations, we hereby certify that, in our opinion, as at December 31, 2006:

- The plan does not have prepaid contributions, referred to as the prior year credit balance in the Regulation to the Pension Benefits Act (Ontario).
- The actuarial surplus (unfunded actuarial liability), determined by comparing the actuarial liability, the measure of obligations of the plan on a going concern basis, to the actuarial value of assets, is \$16,903,305.
- The solvency surplus (unfunded solvency liability), determined by comparing the solvency liability, as defined in the Regulation to the Pension Benefits Act (Ontario), to the solvency value of assets, is \$6,728,109.
- The statutory solvency excess (deficiency) revealed at this valuation is \$6,728,109. Since there is neither an unfunded actuarial liability nor a statutory solvency deficiency, no amortization payments are required in order to comply with the Regulation to the Pension Benefits Act (Ontario).
- If the plan had been wound up on the valuation date, the market value of plan assets would have been greater than the actuarial liabilities of the plan.
- The excess actuarial surplus, pursuant to Section 147.2(2) of the Income Tax Act (Canada), is \$10,859,051.
- The rule for computing the employer normal actuarial cost is 164% of member contributions. Based on the plan membership used for this valuation and assuming an annual increase in salary levels of 2.5%, the normal actuarial cost for the next three years is estimated to be:

<i>Year</i>	<i>Estimated member contributions</i>	<i>Estimated employer normal actuarial cost</i>
2007	\$ 980,473	\$ 1,611,508
2008	\$ 1,004,985	\$ 1,651,796
2009	\$ 1,030,110	\$ 1,693,091

Given the present financial position of the plan, the employer is not required to make normal actuarial cost contributions to the plan until the effective date of the next actuarial certification.

Further, the excess actuarial surplus of \$10,859,051 must be applied towards the employer's contributions in respect of the normal actuarial cost. Employer contributions to the plan are not permitted until the excess actuarial surplus has been so applied or until a subsequent actuarial certification is filed under the Income Tax Act (Canada) demonstrating that either the plan no longer has an excess actuarial surplus or that it no longer has assets sufficient to meet its obligations on a windup basis.

- The transfer ratio, as defined in the Regulation to the Pension Benefits Act (Ontario), is not less than 100%.
- The assessment base determined for the Pension Benefits Guarantee Fund (PBGF) is \$0. The PBGF liabilities are \$70,467,738. Additional liabilities for excluded plant closure benefits, in accordance with section 37(4)(a)(ii) of the Regulation to the Pension Benefits Act (Ontario), are \$0.
- In accordance with the Regulation to the Pension Benefits Act (Ontario), the next actuarial valuation should be performed with an effective date not later than December 31, 2009. The basis for employer contributions presented in this report is effective until the next actuarial opinion is filed.

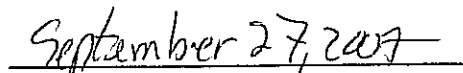
On July 29, 2004, the Supreme Court of Canada ruled that, upon a partial plan windup, the Pension Benefits Act (Ontario) requires the distribution of actuarial surplus related to the portion of the plan being wound up in respect of members employed in Ontario, determined on the effective date of the partial plan windup. Due to the many uncertainties relating to the pension and legal issues involved, at this time it is neither possible nor practical to quantify the impact, if any, the ruling may have upon the plan. Therefore, we reserve the right to amend or withdraw this report if the Supreme Court of Canada's ruling has the effect of changing the assets, liabilities or other financial measures of the plan as reported herein or in previous valuation reports.

The results presented in this report have been developed using a particular set of actuarial assumptions. Other results could have been developed by selecting different actuarial assumptions. The results presented in this report are reasonable actuarial results based on actuarial assumptions reflecting our expectation of future events.

Towers Perrin Inc.



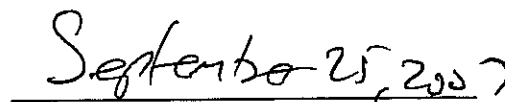
Alexandre Drouin, FCIA



Date



Philip A. Morse, FCIA



Date

Assets

Statement of Market Value

	December 31, 2006	December 31, 2003
Invested assets:		
■ Torstar master trust	\$ 78,642,444	\$ 51,730,654
Net outstanding amounts:		
■ Contributions receivable	\$ 0	\$ 0
■ Transfers receivable (payable)	(850,192) ¹	0
■ Benefits payable	0	(182,959)
■ Expenses and others payable	0	0
■ Total net outstanding amounts	<u>\$ (850,192)</u>	<u>\$ (182,959)</u>
Total	<u>\$ 77,792,252</u>	<u>\$ 51,547,695</u>

¹ Include the asset transfer of 12 employees to the Torstar Pension Plan (Registration Number: 0969873).

Comments:

- The invested assets are held by the Northern Trust Company under the account number BSR.
- The data relating to the assets held by the trustees are based on the audited financial statements issued by Ernst & Young. The data relating to net outstanding amounts were furnished by CityMedia Group Inc. All of this information has been relied upon by Towers Perrin following tests of reasonableness with respect to contributions, benefit payments and investment income.
- The invested assets held in the master trust are invested in various major asset classes as follows: 28% in Canadian equity, 40% in foreign equity, 31% in bonds and debentures, and 1% in short-term investments and cash.

Reconciliation of Invested Assets (Market Value)

Assets as at January 1, 2004		\$ 51,730,654
Receipts:		
■ Contributions:		
— Employer normal actuarial cost	\$ 4,209,856	
— Employer amortization payments	0	
— Employer transfer deficiency contributions	0	
— Members' required contributions	2,830,842	
— Members' voluntary contributions	186,881	
— Non-investment expenses	<u>0</u>	\$ 7,227,579
■ Investment return, net of investment expenses		23,602,958
■ Other receipts		<u>0</u>
■ Total receipts		\$ 30,830,537
Transfers:		
■ Net inter-plan transfers		\$ 0
■ Net external transfers		<u>42,633</u>
■ Total transfers		\$ 42,633
Disbursements:		
■ Benefit payments:		
— Pension payments	\$ 2,537,039	
— Lump sum settlements	1,424,341	
— Other benefit payments	<u>0</u>	\$ 3,961,380
■ Non-investment expenses		0
■ Other disbursements		<u>0</u>
■ Total disbursements		\$ 3,961,380
Assets as at December 31, 2006		\$ 78,642,444

Comment:

- This reconciliation is based on the audited financial statements issued by Ernst & Young.
- The rate of return earned on the market value of assets, net of all expenses, from January 1, 2004 to January 1, 2007 is approximately 13.0% per year.

Actuarial Basis

Going Concern

Asset Valuation Method

The actuarial value of assets was calculated as the market value of invested assets at the valuation date adjusted for net outstanding amounts.

Optional ancillary contributions are valued at market. This valuation includes an underlying assumption that no members will forfeit their optional ancillary contributions upon termination, death or retirement.

Actuarial Cost Method

The actuarial liability and the normal actuarial cost were calculated using the projected unit credit cost method.

Prospective benefits were calculated for each active, suspended and disabled member according to the plan provisions and actuarial assumptions. The actuarial liability was calculated as the actuarial present value of the member's prospective benefits multiplied by the ratio of the member's credited service prior to the valuation date to the member's total potential credited service (the service prorate method). The calculation of the actuarial present value of the member's prospective benefits reflects additional entitlements which may arise due to the application of the 50% employer cost-sharing rule, and is at least equal to the member's contributions with interest.

The actuarial liability for retired members and beneficiaries and terminated vested members was calculated as the actuarial present value of their respective benefits.

The normal actuarial cost for each active, suspended and disabled member was calculated as the actuarial present value of the member's prospective benefits divided by the member's total potential credited service, but not less than the member's required contributions. The employer normal actuarial cost for each active, suspended and disabled member was determined as the excess of the total normal actuarial cost over the member's required contributions. The normal actuarial cost rate determined by the projected unit credit cost method will be stable over time if the demographic characteristics of the active, suspended and disabled plan membership remain stable from valuation to valuation. All other things being equal, an active, suspended and disabled membership whose average age increases (decreases) between actuarial valuations will result in an increasing (decreasing) normal actuarial cost rate.

Benefit Security

The purpose of the going concern actuarial cost method is to assign a value to the benefits accrued to the valuation date under the plan and to measure the value of benefits accruing in ensuing years. A comparison of the actuarial value of assets with the actuarial liability measured under the projected unit credit cost method gives an indication of the security of the benefits earned to date (only in respect to those benefits included in the liability measure) based on the going concern actuarial assumptions used in the actuarial valuation.

Solvency and Windup

Asset Valuation Method

The market value of assets has been used for the solvency and windup valuation, adjusted for net outstanding amounts. The resulting value has been reduced by a provision for plan windup expenses.

Optional ancillary contributions are valued at market. This valuation includes an underlying assumption that no members will forfeit their optional ancillary contributions upon windup of the pension plan.

Actuarial Cost Method

The solvency liability and the windup liability were calculated using the unit credit cost method.

The solvency liability and the windup liability for active, suspended and disabled members were calculated as the actuarial present value of all benefits accrued up to the valuation date (treating all members as if vested). This calculation reflects additional entitlements which may arise due to the application of the 50% employer cost-sharing rule, and is at least equal to the member's contributions with interest.

The solvency liability and the windup liability for retired members and beneficiaries and terminated vested members were calculated as the actuarial present value of their respective benefits.

Benefit Security

The purpose of the solvency and windup actuarial cost method is to assign a value to the benefits accrued to the valuation date under the plan assuming the plan were to terminate as at the valuation date. A comparison of plan assets with the liabilities measured under the unit credit cost method gives an indication of the security of the benefits earned to date (only in respect of those benefits included in the liability measure) based on the actuarial assumptions used in these actuarial valuations.

Other Considerations

The solvency and windup assumptions do not include a provision for adverse deviation.

The solvency and windup actuarial valuation has been prepared on a hypothetical basis. In the event of an actual plan windup, the plan assets may have to be allocated between various classes of plan members or beneficiaries as required by applicable pension legislation. Such potential allocation has not been performed as part of this solvency and windup valuation.

Assumptions

	Going Concern	Solvency and Windup
Economic Assumptions (per annum)		
Liability discount rate	6.5%	Settlement by: <ul style="list-style-type: none"> ■ Commuted value: 4.75% for 10 years, 4.75% thereafter¹ ■ Annuity purchase: 4.5%²
Rate of salary increase	4% (nil for disabled members)	0% (actual historical earnings used)
Escalation of YMPE under Canada/Québec Pension Plan	3.5%	N/A
Escalation of Income Tax Act (Canada) maximum pension limitation	3.5% starting in 2010 ³	N/A
Interest on members' contributions	5.5%	N/A
Demographic Assumptions		
Mortality	1994 Uninsured Pensioner Mortality Table, projected generationally using Scale AA	1994 Uninsured Pensioner Mortality Table, projected to 2015 using Scale AA ⁴
Withdrawal	Age-related rates (details below)	N/A
Disability incidence/recovery	Nil ⁵	N/A
Retirement	Age-related rates (details below)	Described in detail on next page
Other		
Percentage of members receiving settlement by commuted value (balance assumed to elect settlement by annuity purchase)	N/A	Retired members and beneficiaries: 0% Other members: <ul style="list-style-type: none"> ■ under 55 years old: 100% ■ aged 55 years and over: 0%
Provision for expenses	None; return on plan assets is net of all expenses	Solvency: \$150,000 ⁶ Windup: \$150,000 ⁶ Details below

Notes:

- ¹ 6.00% for 15 years and 6.00% thereafter at previous valuation.
- ² 5.25% at previous valuation.
- ³ The Income Tax Act (Canada) maximum pension limit of \$2,000.00 per year of service in 2005 was indexed starting in 2006 at the previous valuation; the maximum pension limit of \$2,444.44 per year of service in 2009 is indexed starting in 2010 in the current valuation.
- ⁴ 1983 Group Annuity Static Mortality Table at previous valuation.
- ⁵ There are no disability benefits under the plan other than the accrual of retirement income (earnings remain constant) during disability. Consequently, the assumption of no incidence of disability or recovery therefrom makes an appropriate allowance, in combination with the other assumptions, for such continued accruals.
- ⁶ \$125,000 at previous valuation.

Retirement and Withdrawal Assumptions (Going Concern)

Retirement Rates

<i>Age</i>	<i>Male and Female</i>
55 to 59	0.080
60	0.200
61	0.300
62	0.400
63	0.300
64	0.300
65	1.000

Withdrawal Rates (current valuation)

<i>Service</i>	<i>Male and Female</i>
0 to 3	0.100
4 to 7	0.100
8 to 11	0.080
12 to 15	0.080
16 to 19	0.050
20 to 23	0.030
24 to 27	0.030
Over 27	0.000

Withdrawal Rates (previous valuation)

<i>Age</i>	<i>Male and Female</i>
20	0.070
25	0.070
30	0.040
35	0.030
40	0.030
45	0.020
50	0.020
55	0.000

Method of Calculating Solvency and Windup Discount Rates

In the event of a plan windup, it is expected that a portion of the liabilities will be settled by a group annuity purchase and the balance of the liabilities will be settled by commuted value transfers.

For the calculation of the portion of the solvency and windup liability relating to the benefits that are expected to be settled by a group annuity purchase, the liability discount rate corresponds to an approximation of the annuity purchase rates as at the valuation date following consideration of the Canadian Institute of Actuaries' Educational Note published in 2007 by the Pension Plan Financial Reporting Committee providing guidance on assumptions for windup, hypothetical windup and solvency valuations.

For the calculation of the portion of the solvency and windup liability relating to the benefits that are expected to be settled by commuted value transfers, the liability discount rates have been determined in accordance with the *Standards of Practice for Pension Commuted Values* approved by the Canadian Institute of Actuaries effective May 1, 2006. For this valuation, the December 2006 rates have been used. At the previous valuation, the liability discount rates were determined in accordance with the *Recommendations for the Computation of Transfer Values from Registered Pension Plans* approved by the Canadian Institute of Actuaries effective September 1, 1993.

Retirement Assumptions (Solvency and Windup)

- Members eligible to retire: retire at the age that produces the highest value (including statutory grow-in rights for members in Ontario).
- Members with age plus continuous service greater than or equal to 55 years and employed in Ontario: retire at the age that produces the highest value of pension (including statutory grow-in rights).
- Other members: retire at age 65.

Expense Assumption (Solvency and Windup)

Allowance was made for normal administrative, actuarial, legal and other costs which would be incurred if the plan were to be wound up (excluding costs relating to the resolution of surplus issues). The valuation is premised on a scenario in which the employer continues to operate after the windup date. In establishing the allowance for plan windup costs, certain administrative costs were assumed to be paid from the pension fund (consistent with past practice) while other costs were assumed to be borne directly by the employer.

Direction From Plan Administrator

For purposes of preparing this valuation report, the plan administrator has directed that:

- Since to the best of the knowledge of the plan administrator, there is no partial plan windup or termination with an effective date prior to the date of this valuation, involving members employed in Ontario, not yet completed where the partial windup/termination portion of the plan is in a surplus position on the date of this valuation, this report is to be prepared on the basis that there will be no retroactive changes to previously filed partial windup/termination reports, if any, and neither the applicable pension regulator nor

the plan sponsor will order/declare any partial plan windup/termination with an effective prior to the valuation date.

- This report is to be prepared on the basis that the employer is entitled to apply the actuarial surplus, if any, revealed in an actuarial valuation report to meet its contribution requirements under the plan while the plan remains a going concern, to the extent permitted by applicable pension legislation. (This report does not address the disposition of any surplus assets remaining in the event of plan windup.) If an applicable pension regulator or other entity with jurisdiction directs otherwise, certain financial measures contained in this report, including contribution requirements, may be impacted.

Summary of Plan Provisions

The following is an outline of the principal features of the plan which are of financial significance to valuing the plan benefits. For a detailed description of the benefits, please refer to the plan document.

Definitions

3-Year Average YMPE

The average of the YMPE applicable during the 3 calendar years ending on the December 31st immediately preceding the date of calculation of benefits.

5-Year Average YMPE

The average of the YMPE applicable during the 5 calendar years ending on the December 31st immediately preceding the date of calculation of benefits.

Final Average Earnings

The participant's average earnings during the best 5 calendar years in the last 10 consecutive years of continuous employment or during the sixty-month period immediately prior to retirement, whichever is the greater. Special provisions apply to overtime earnings.

JEMCOM Final Average Earnings

The participant's average earnings during the best five consecutive years of continuous employment.

JEMCOM Executive Final Average Earnings

The participant's average earnings during the best three consecutive years of continuous employment.

YMPE

The Year's Maximum Pensionable Earnings as defined in the Canada Pension Plan.

Contributions

Each member contributes 2½% of annual earnings up to the YMPE, plus 5% of such earnings in excess of the YMPE. Member contributions are waived for members on long-term disability.

Retirement Dates

Normal Retirement Date

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

Early Retirement Date

The member may choose to retire as early as age 55.

Retirement Benefits

Normal Retirement

Subject to the provisions below, if a member retires on the normal retirement date, the member will be entitled to an annual pension payable in equal monthly instalments, equal to 1.25% of Final Average Earnings up to the 5-Year Average YMPE and 1.75% of Final Average Earnings in excess of the 5-Year Average YMPE for each year and complete month of credited service.

Special provisions apply to former members of the JEMCOM Inc. Staff Plan and to members who transferred their employment from Osprey Media Group, as described below.

Regular Members' Normal Retirement Benefit

Non-executive former members of the JEMCOM Inc. Staff Plan receive the following benefit at normal retirement in respect of credited service accrued prior to 1990:

- the amount of pension accrued under the terms of the JEMCOM Inc. Staff Plan up to June 30, 1974; plus
- the amount, if any, which when added to the pension above would increase such pension to 40% of the member's required contributions made up to June 30, 1974; plus
- 40% of the member's required contributions made on and after July 1, 1974; plus
- an amount, if any, which when added to the pension above would increase such pension to:
 - 1% of JEMCOM Final Average Earnings up to the 3-year Average YMPE; plus
 - 1.6% of JEMCOM Final Average Earnings in excess of the 3-year Average YMPE,
 - multiplied by the period of credited service prior to 1990.

Executive Members' Normal Retirement Benefit

In respect of credited service accrued prior to May 1, 1991, designated executive former members of the JEMCOM Inc. Staff Plan receive a normal retirement benefit of 2% of the member's JEMCOM Executive Final Average Earnings multiplied by such credited service.

Osprey Pension Plan Offset for Transferred Osprey Employees

The retirement income relating to credited service prior to June 7, 2003 in respect of a transferred Osprey Employee shall be reduced by the retirement income accrued to June 6, 2003 under the Osprey Pension Plan.

Early Retirement

If a member retires early, the member will be entitled to a pension that is calculated the same way as for normal retirement. The pension payable, however, will be reduced by 1/3% for each month before the date on which the member attains age 62 and has 10 years of continuous service.

Maximum Pension

The total annual pension payable from the plan upon retirement, death, or termination of employment cannot exceed the lesser of:

- 2% of the average of the best 3 consecutive years of total compensation paid to the member by the participating employer, multiplied by total credited service; and
- \$1,833.33, or such greater amount permitted under the Income Tax Act multiplied by the member's total credited service.

On early retirement, the maximum pension is reduced by 3% per year that retirement precedes the earliest of age 60, 30 years of continuous service and 80 points (age plus continuous service).

Survivor Benefits

Death Before Retirement

If a member dies before the normal retirement date and before any pension payments have begun, the member's spouse, or beneficiary if there is no spouse, will receive a lump sum settlement equal to:

- if the member was not vested under the terms of the plan, the member's required contributions with interest plus any additional amount payable under the terms of a prior plan;
- if the member was vested under the terms of the plan, the commuted value of the benefits to which the member would have been entitled had employment terminated on the date of death.

Death After Retirement

The normal form of payment is a lifetime pension guaranteed for five years. However, the member may elect to receive an optional form of pension determined to be actuarially equivalent to the normal form of payment.

Disability Benefits

While benefits are payable from the LTD plan, pension benefits continue to accrue based on earnings rate at time of disability.

Termination Benefits

If a member's employment terminates for reasons other than death or retirement, the benefits payable from the plan will depend on the member's length of plan membership, as follows:

Benefits in the Event of Termination of Employment

<i>If member has:</i>	<i>The plan will pay:</i>
Not reached 2 years of plan membership	A refund of the member's contributions with interest. A deferred lifetime pension based on the member's earnings, contributions and credited service to the date of termination.
Reached 2 years of plan membership	

Deferred pensions are payable commencing at age 65. However, a member may elect to receive an early retirement pension as early as age 55, reduced on an actuarially equivalent basis.

If a member is entitled to a deferred pension, the member may instead transfer the commuted value of that pension into another retirement vehicle in accordance with the applicable provincial legislation.

Transfer Value Assumptions

Transfer values for members terminating with a transfer option are calculated in accordance with the Standard of Practice for Pension Commuted Values approved by the Canadian Institute of Actuaries effective May 1, 2006.

50% Cost Sharing

On retirement, death or termination, as applicable, the excess, if any, of a member's accumulated regular contributions with interest over 50% of the value of the member's accrued retirement income will be refunded to the member or applied to provide additional pension, as permitted by legislation.

Optional Ancillary Contributions

Plan members are permitted to make optional contributions to the plan. The contributions, which are tracked individually by member, earn investment income based on investment returns in the Torstar master trust.

Upon termination or retirement, a member's optional contributions with interest are used to purchase ancillary benefits (such as improved early retirement benefits, bridge pensions, subsidized spousal survivor pensions, etc.) to the extent permitted under the Income Tax Act (Canada). Any excess optional contributions which cannot be used to purchase ancillary benefits are forfeited and remain in the plan's fund.

Special Provisions on Plan Windup

There are no special benefits payable on plan windup, other than those prescribed by legislation.

PBGF Assessment and Transfer Ratio

December 31, 2006

PBGF Assessment

Solvency liability: ¹		
■ Total	\$	70,467,738
■ Ontario PBGF liability ²		70,467,738
■ Ontario additional PBGF liability ³		0
Solvency value of assets: ¹		
■ Total		77,345,847
■ Ontario PBGF assets		77,345,847
PBGF assessment base ²		0
Plan membership (including inactives):		
■ Total		613
■ Ontario		613
Transfer Ratio		
Solvency value of assets ¹	\$	77,345,847
Lesser of estimated employer contributions for the period until the next valuation ⁴ and prepaid contributions		0
Windup liability ¹		70,467,738
Transfer ratio ⁵		Not less than 100%

Notes:

- ¹ Reflects net outstanding amounts and before reserve for windup expenses. Excludes optional ancillary contributions.
- ² Excludes the Ontario additional PBGF liability.
- ³ As specified in the Regulation to the Pension Benefits Act (Ontario), the additional PBGF liability is the additional solvency liability that would result if plant closure benefits, which the employer elected to exclude, are included for those Ontario members who are immediately eligible for the benefit at the valuation date.
- ⁴ The next valuation of the plan is due with an effective date not later than December 31, 2009.
- ⁵ As the transfer ratio is not less than 100%, payments of the commuted value of pension entitlements for terminated members can be paid in full.

Certificate of the Employer

I hereby certify that to the best of my knowledge and belief:

- the information on plan assets forwarded to Towers Perrin Inc. and summarized in Appendix A of this report is complete and accurate;
- the directions from the plan administrator contained in Appendix B of this report are accurate and reflect the plan administrator's judgement of the plan provisions and/or an appropriate basis for the actuarial valuation of the plan;
- the data forwarded to Towers Perrin Inc. and summarized in Appendix C of this report is a complete and accurate description of all persons who are members of the plan, including beneficiaries who are in receipt of a retirement income, in respect of service up to the date of the actuarial valuation;
- the summary of plan provisions contained in Appendix D of this report is accurate and includes all provisions which have a material effect on the determination of plan contributions and liabilities; and
- there have been no subsequent events that would materially change the plan's financial position after the valuation date.

D.J. Liles
Signature

Sept 22/07
Date

Brenda Liles
Name

Inc VP, Human Resources
Title