PENSION PLAN FOR NON-UNIONIZED EMPLOYEES OF QUEBECOR MEDIA INC. AND ITS PARTICIPATING SUBSIDIARIES

ACTUARIAL VALUATION AS AT DECEMBER 31, 2013 FOR FUNDING PURPOSES

Report prepared on September 26, 2014

Registration number: Ontario and Canada Revenue Agency #1098474

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INTRODUCTION

This report presents the results of the actuarial valuation as at December 31, 2013 of the Pension Plan for Non-Unionized Employees of Quebecor Media Inc. and its Participating Subsidiaries ("Plan"). Quebecor Media Inc. ("Employer") retained the services of Morneau Shepell Ltd ("Morneau Shepell") to perform this actuarial valuation. The last complete valuation that was filed with the Financial Services Commission of Ontario and the Canada Revenue Agency was performed as at December 31, 2010. Also, in accordance with section 19(5) of the Ontario Pension Benefits Act (the "PBA"), an update of the transfer ratio was performed as at September 30, 2011.

This report was prepared for Quebecor Media Inc., the Financial Services Commission of Ontario and the Canada Revenue Agency for the following purposes:

- to determine the funded status of the Plan on the going-concern basis;
- to determine the funded status of the Plan on both solvency and hypothetical wind-up bases;
- 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* (Canada).

The solvency and hypothetical wind-up bases have been updated to reflect market conditions as at the valuation date. In addition, changes were made to the actuarial assumptions on the going-concern basis. In order to take into account the improvement of life expectancy recently highlighted by the Canadian Institute of Actuaries, the CPM-2014Priv Mortality Table with the CPM-B Improvement Scale was used for this valuation. Adjustment factors of 1.028 and 1.024 for males and females, respectively, were also applied to the mortality table to take into account the level of pensioner benefits.

PLAN AMENDMENT

In 2014, the plan text was restated to include recent changes in legislations covering members of the Plan. These changes have no impact on the results of the actuarial valuation.

TERMS OF ENGAGEMENT

This report takes into account discussions with the client on the terms of engagement, especially concerning the margin for adverse deviation to use in the December 31, 2013 actuarial valuation. Given that in the "Actuarial Guidance Note – Actuarial Assumptions for Filed Actuarial Valuation Reports", Financial Services Commission of Ontario generally expects that the actuary preparing a report on the plan filing under Ontario *Pension Benefits Act* and Regulations will include appropriate margins for adverse deviations when choosing prudent economic and other actuarial assumptions, the client considered appropriate to use a margin of 0.20% in the discount rate for the going-concern actuarial basis.

RESTRICTION ON USE OF THIS REPORT

This report was prepared for Quebecor Media Inc. It will also be filed with the Financial Services Commission of Ontario and the Canada Revenue Agency. This report and any of its content may not be distributed, published, made available or relied upon by any other person, without the express written permission of Morneau Shepell, unless and only to the extent otherwise provided by applicable law.

SECTION 1 – ACTUARIAL OPINION

This opinion is given with respect to the Pension Plan for Non-Unionized Employees of Quebecor Media Inc. and its Participating Subsidiaries, registration number 1098474 (Ontario). We performed a valuation of the Plan as at December 31, 2013, based on the Plan provisions and data as at that date. The Employer has confirmed that, between December 31, 2013 and September 26, 2014, no subsequent events, 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, 2013:

- The Plan is not fully funded on the going-concern basis. The actuarial liabilities exceed the actuarial value of assets by $1,048,100.
- According to the solvency test required under the Ontario *Pension Benefits Act*, the Plan is not funded. On the solvency basis, the actuarial liabilities exceed the value of assets by $6,162,800.
- The Plan assets would have been less than the actuarial liabilities by $6,162,800 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 0.964. The Employer may have to make additional contributions if ex-participants transfer the commuted value of their accrued benefits out of the Plan. The Plan actuary should be consulted on this matter.
- The residual normal cost (i.e. normal cost less employee required contributions) is equal to 12.1% of payroll.
- The minimum employer contribution is equal to 12.1% of payroll plus amortization payments. These amounts (in dollars) can be estimated as shown in the table below:

Table 1.1 – Estimated Residual Normal Cost and Minimum Annual Amortization Payments

Plan year	Residual normal cost	Amortization payments
	$	$
2014	5,458,100	2,031,100
2015	5,635,500	1,652,730
2016	5,818,600	776,860

The minimum amortization payments should be the dollar amounts indicated in the above table. Higher amortization payments are acceptable but they cannot exceed $6,162,800 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 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* (Canada) if contributed within the fiscal year or remitted within 120 days after the end of the fiscal year. They 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, for the purposes of this report:

- The membership data on which the valuation is based are sufficient and reliable for the purposes of the valuation.
- The assumptions are 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 in Canada.

The assumptions that form the going-concern basis used in this 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 going-concern and solvency standards prescribed under the Ontario *Pension Benefits Act*.

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

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 gains or losses will be revealed in future actuarial valuations.

The next actuarial valuation will have to be performed not later than as at December 31, 2016.

The undersigned are available to provide supplementary information and explanation, as appropriate, concerning this report.

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September 26, 2014

SECTION 2 – GOING-CONCERN FUNDED STATUS

GOING-CONCERN FUNDED STATUS

The funded status of the Plan on the 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 2.1 – Going-Concern Funded Status

	December 31, 2013	December 31, 2010
	$	$
Actuarial value of assets		
Market value	165,420,600	122,065,000
Adjustment	(10,913,600)	(4,950,600)
Total	154,507,000	117,114,400
Actuarial liabilities		
Active members	80,416,400	67,524,000
Retired members and beneficiaries	57,436,500	41,061,200
Terminated vested members	16,040,700	10,457,300
Suspended members	1,661,500	2,008,900
Total	155,555,100	121,051,400
Actuarial surplus (unfunded liability)	(1,048,100)	(3,937,000)
Funding Ratio	99.3%	96.7%

RECONCILIATION OF GOING-CONCERN FUNDED STATUS

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

Table 2.2 – Reconciliation of Going-Concern Funded Status

	$	$
Actuarial surplus (unfunded liability) as at December 31, 2010		(3,937,000)
Expected changes in funded status		
Interest on surplus (unfunded liability)	(752,000)	
Amortization payments	7,946,500	
Interest on amortization payments	803,000	
Total		7,997,500
Expected surplus (unfunded liability) as at December 31, 2013		4,060,500
Actuarial gains (losses) due to the following factors		
Investment return on actuarial value of assets	8,036,300	
Salary increases	2,114,100	
Retirements	907,700	
Terminations	(848,400)	
Mortality	(490,900)	
Other factors	(364,100)	
Total		9,354,700
Other gains (losses)		
Changes in actuarial assumptions		
– Changes in economic assumptions	(9,812,600)	
– Changes in demographic assumptions	(4,650,700)	
– Total	(14,463,300)	
Total		(14,463,300)
Actuarial surplus (unfunded liability) as at December 31, 2013		(1,048,100)

SENSITIVITY ANALYSIS ON THE GOING-CONCERN BASIS

The table below illustrates the effect of 1% decrease in the discount rate on the going-concern actuarial liabilities. With the exception of the discount rate, all other assumptions and methods used for this valuation were maintained. However, as the interest credited on contributions corresponds to the return expected on the value of assets, this assumption has also been changed.

Table 2.3 – Sensitivity of Actuarial Liabilities on the Going-Concern Basis

	December 31, 2013	**Discount rate 1% lower**
	$	**$**
Actuarial liabilities		
Active members	80,416,400	95,283,700
Retired members and beneficiaries	57,436,500	62,916,600
Terminated vested members	16,040,700	18,935,200
Suspended members	1,661,500	1,961,500
Total	155,555,100	179,097,000
Increase in actuarial liabilities		23,541,900

SECTION 3 – SOLVENCY AND HYPOTHETICAL WIND-UP FUNDED STATUS

SOLVENCY FUNDED STATUS

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. Please, see the **Hypothetical Wind-up Funded Status** below.

Table 3.1 – Solvency Funded Status

	December 31, 2013	December 31, 2010
	$	$
Solvency assets		
Market value of assets	165,420,600	122,065,000
Provision for expenses	(450,000)	(450,000)
Total	164,970,600	121,615,000
Solvency liabilities		
Active members	83,950,900	74,844,100
Retired members and beneficiaries	66,317,400	45,917,100
Terminated vested members	18,928,800	13,765,300
Suspended members	1,936,300	2,397,900
Total	171,133,400	136,924,400
Assets less liabilities on the solvency basis	(6,162,800)	(15,309,000)
Solvency asset adjustment		
Present value of amortization payments	3,274,100	6,594,500
Asset averaging method	—	(3,206,100)
Total	3,274,100	3,388,400
Solvency liability adjustment[1]	—	7,994,500
New solvency surplus (deficiency)	(2,888,700)	(3,926,500)
Transfer ratio	0.964	0.887

1 *No adjustments were applied to the solvency assets and liabilities as at December 31, 2013 in accordance with the method presented in Appendix B.*

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 stabilises short-term fluctuations in the market value of the Plan assets calculated over a period of not more than five years. As per the Employer's instructions, this averaging method was not used in the current valuation.

The solvency asset adjustment as at December 31, 2013, as defined in a) above, is determined as follows:

Table 3.2 – 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	$	$
Going-concern	12-31-2009	12-31-2024	124,860	572,600
Solvency	12-31-2009	12-31-2014	1,030,370	1,011,300
Solvency	12-31-2010	12-31-2015	875,870	1,690,200
Total			2,031,100	3,274,100

1 *Value of amortization payments discounted as at December 31, 2013 (at a discount rate of 3,51%)*

As per Employer's instructions, no adjustment was made to the solvency liability.

TRANSFER RATIO

The transfer ratio is equal to the ratio of the assets to the liabilities on the hypothetical wind-up basis as indicated in table 3.1.

HYPOTHETICAL WIND-UP FUNDED STATUS

Since all benefits have been valued, if the Plan had been liquidated as at December 31, 2013 and assuming that the asset liquidation value had been equal to the market value, the hypothetical wind-up funded status would have been similar to the solvency funded status shown in table 3.1.

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 3.3 – PBGF Assessment Base

	$
Ontario portion of solvency assets (before provision for expenses)	63,852,400
PBGF liabilities	66,057,300
PBGF assessment base	2,204,900
Additional liability for plant closure and/or permanent layoff benefits not funded	—

SENSITIVITY ANALYSIS ON THE SOLVENCY BASIS

The table below illustrates the effect on the actuarial liabilities of using discount rates 1% lower than those used for the solvency valuation. All other assumptions and methods, as used in this valuation, were maintained. However, as the interest credited on contributions corresponds to the return expected on the value of assets, this assumption has also been changed.

Table 3.4 – Sensitivity of Actuarial Liabilities on the Solvency Basis

	December 31, 2013	Discount rates 1% lower
	$	$
Actuarial liabilities		
Active members	83,950,900	99,068,100
Retired members and beneficiaries	66,317,400	73,150,800
Terminated vested members	18,928,800	22,580,000
Suspended members	1,936,300	2,307,900
Total	171,133,400	197,106,800
Increase in actuarial liabilities		25,973,400

INCREMENTAL COST ON THE SOLVENCY BASIS

The incremental cost on the solvency basis represents the present value of the expected aggregate change in the solvency liabilities from December 31, 2013 to December 31, 2016, adjusted for expected benefit payments in the inter-valuation period. This incremental cost is $19,877,500 as at December 31, 2013.

SECTION 4 – 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 4.1 – Normal Cost

	As at December 31, 2013		As at December 31, 2010	
	$	**% of payroll[1]**	**$**	**% of payroll[1]**
Normal cost	6,815,700	(15.1)	7,502,700	(12.1)
Less employee contributions	1,357,600	(3.0)	1,797,500	(2.9)
Residual normal cost	5,458,100	(12.1)	5,705,200	(9.2)

1 *In percentage of total payroll, excluding disabled members' payroll.*

The table below summarizes the residual normal cost per option as this valuation. For comparison, the information as at the last valuation is also included in the table.

Table 4.2 – Residual Normal Cost

	As at December 31, 2013			As at December 31, 2010		
	$	**% of employee contribution**	**% of payroll**	**$**	**% of employee contribution**	**% of payroll**
Non-contributive option	428,100	—	(9.1)	457,100	—	(7.7)
Contributive option	3,722,900	(333.6)	—	4,038,500	(265.1)	—
Designated option	977,400	(404.4)	—	897,200	(327.4)	—
Sun Media option	329,700	—	(8.5) [1]	312,400	—	(5.8) [1]

1 *Total payroll includes disabled members' payroll.*

RECONCILIATION OF NORMAL COST

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

Table 4.3 – Reconciliation of Normal Cost

	% of payroll
Normal cost as at December 31, 2010	12.1
Demographic changes	1.4
Changes in actuarial assumptions	1.6
Normal cost as at December 31, 2013	15.1

SENSITIVITY ANALYSIS ON THE GOING-CONCERN BASIS

The table below illustrates the effect on the normal cost of using a discount rate 1% lower than the one used for the going-concern valuation. All other assumptions and methods, as used in this valuation, were maintained. However, as the interest credited on contributions corresponds to the return expected on the value of assets, this assumption has also been changed.

Table 4.4 – Sensitivity of normal cost on the going-concern basis

	As at December 31, 2013		Discount rate 1% lower	
	$	% of payroll	$	% of payroll
Normal cost	6,815,700	(15.1)	8,284,700	(18.4)
Increase in normal cost			1,469,000	(3.3)

AMORTIZATION PAYMENTS

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

Table 4.5 – 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[3]	04-14-2008	10-31-2011	990,400	—	—
Going-concern	12-31-2008	12-31-2023	2,520	19,700	11,600
Going-concern	12-31-2009	12-31-2024	409,940	3,441,000	1,880,000
Solvency	12-31-2009	12-31-2014	1,030,370	1,002,300	1,011,300
Solvency	12-31-2010	12-31-2015	875,870	1,661,500	1,690,200
Total			3,309,100	6,124,500	4,593,100

1 *Value of amortization payments discounted as at December 31, 2013 (at a discount rate of 5.25%)*
2 *Value of amortization payments discounted as at December 31, 2013 (at a discount rate of 3.51%)*
3 *The monthly payment is $101,820 from January to September 2011 and the last payment in October 2011 is $74,020.*

Based on the funded status of the Plan shown in Sections 2 and 3, 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 4.6 – 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	$	$	$
Going-concern	12-31-2009	12-31-2024	124,860	1,048,100	572,600
Solvency	12-31-2009	12-31-2014	1,030,370	1,002,300	1,011,300
Solvency	12-31-2010	12-31-2015	875,870	1,661,500	1,690,200
Solvency (12-31-2013)	12-31-2014	12-31-2019	652,000	2,727,100	2,888,700
Total			2,683,100	6,439,000	6,162,800

1 *Value of amortization payments discounted as at December 31, 2013 (at a discount rate of 5,25%)*
2 *Value of amortization payments discounted as at December 31, 2013 (at a discount rate of 3,51%)*

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 hypothetical 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 funded status is based on a valuation method that smooths out short-term market fluctuations over a 3-year period. This method consists to subtract from the market value of assets, adjusted for amounts payable and receivable, as at the valuation date, an amount equal to:

a) 66 $^{2}/_{3}$% of the difference between the actual market value and the expected market value as at December 31, 2013, plus

b) 33 $^{1}/_{3}$% of the difference between the actual market value and the expected market value as at December 31, 2012.

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 going-concern valuation discount rate. This method is the same as the one used in the last valuation.

ACTUARIAL COST METHOD

The actuarial liabilities and the normal cost on the 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.

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 valuation method for determining the actuarial liabilities and the normal cost is the same as the one used in the last valuation.

We assumed that all members who have reached the retirement age assumption would retire immediately. For normal cost calculation purposes, we did not include the actuarial present value of benefits that would have accrued if these members had continued their membership in the Plan in the year following the valuation date. This method is the same as the one used in the last valuation.

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. Such an increase is expected since the Plan has been closed to new employees effective December 27, 2008.

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

No explicit provision for adverse deviations has been calculated for the going-concern valuation.

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 – Going-Concern Actuarial Assumptions

	December 31, 2013	December 31, 2010
Interest	5,25%	6.00%
Salary increase	3.25%	3.50%
Sun Media option	None	None
Increases in maximum pensionable earnings	2.75%	3.00%
Inflation	2.25%	2.50%
Indexation	0%	0% for the first 5 years and 0.32% thereafter
Sun Media option	None	None
Maximum pension	2014: $2,770.00 2.75% starting in 2015	2011: $2,552.22 3.00% starting in 2012
Interest credited on employee contributions	5.25%	6.00%
Mortality	CPM-2014 Private Table with generational projection using improvement scale CPM-B with a size adjustment factor of 1.028 for males and 1.024 for females	UP-94 Table with generational projection using mortality projection scale AA
Termination (membership)	Age / % 22 / 18 32 / 13 45 / 8 52 / -	Same
Retirement	50% at age 61 50% at age 62	Same
Defered members	Age 65, if not eligible to subsidized early retirement reduction	Same
% with eligible survivors	Male: 80% Female: 65%	Same
Difference in age between spouses	Male is 3 years older than female	Same

Calculation of the value of amortization payments

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

CHOICE OF ASSUMPTIONS

The assumptions have been reviewed in light of current economic conditions.

Inflation rates

As stated in its monetary policy, the Bank of Canada aims to keep inflation at the 2% target, i.e. the midpoint of the 1% to 3% inflation-control target range. Given historical increases in consumer prices in Canada, the rates expected by the market, portfolio managers' expectations and the Bank of Canada policy, an expected rate of inflation of 2.25% has been retained.

Discount rate

The elements considered in the development of the discount rate assumption for going-concern purposes are summarized in the table below:

Table A.2 – Discount Rate

	%
Expected inflation	2.25
Expected real return	3.12
Value added for rebalancing and diversification effect	0.46
Value added for active management	0.07
Margin for adverse deviations	(0.20)
Expected expenses	(0.45)
Discount rate	5.25

The elements shown above are based on the new investment policy according to which the asset allocation will evolve from 50% in bonds and 50% in equities to 75% in bonds and 25% in equities.

The return assumptions for bonds have been determined mainly (but not totally) on current market conditions while the return assumptions for equities are based more on long-term expectations.

Portfolio rebalancing will affect the portfolio's expected long-term return. In other words, realigning portfolio's weightings to the target determined in the investment policy from time to time will have an impact on the long-term return. The impact of portfolio rebalancing depends on its frequency, the weightings between asset classes, the level of diversification in the portfolio and the investment horizon. The expected return is also influenced by the level of diversification of the portfolio (this is independent of rebalancing). The expected impact of rebalancing and diversification on the portfolio's return (weighed average of returns of asset categories) was estimated on the basis of a log-normal distribution.

A provision has been considered in the discount rate to take into account the added value associated with active management. Note that this provision has been limited to the estimated fees corresponding to active management.

Discount rates have been adjusted to take into account fees related to asset management and plan administration.

The margin for adverse deviations chosen is based on a log-normal distribution and takes into account the specific aspects of the plan, the risk tolerance of the employer, the portfolio's risk level and the investment horizon. This margin has been chosen such that the expected return (the fund's total return minus the margin) may be obtained with a probability of at least 55 % over a period of about 25 years.

Increases in salary and maximum pensionable earnings

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 remain constant at 0.50%, since last valuation.

Mortality

In order to take into account the improvements in life expectancy recently substantiated by the Canadian Institute of Actuaries in its report on Canadian Pensioners Mortality (published on February 13, 2014), we used the CPM-2014Priv Mortality Table, and the CPM-B Improvement Scale, which varies by gender, age and calendar year. Adjustment factors of 1.028 and 1.024 for males and females, respectively, were also applied to the mortality table to take into account the level of pensioner benefits. The same adjustments were used for other participants before and after retirement. At the last actuarial valuation, the full generational UP-94 mortality table with mortality projection scale AA was used.

Disability

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 for the calculation of the normal cost as a percentage of the payroll (except for Sun Media option).

Suspended members

Suspended members are valuated like active members for going-concern purposes because although they do note accrue future benefits, they are still employees.

APPENDIX B – SOLVENCY AND HYPOTHETICAL WIND-UP ACTUARIAL BASIS

ASSET VALUATION METHOD – SOLVENCY BASIS

The actuarial value of the assets used to determine the solvency funded status is equal to the market value of assets, adjusted for amounts payable and receivable, minus a provision for expenses. This method has been used following the Employer's instructions, and is different from the one used in the last valuation.

ASSET VALUATION METHOD – HYPOTHETICAL WIND-UP

The actuarial value of the assets used to determine the hypothetical wind-up funded status is equal to the market value of assets, adjusted for amounts payable and receivable, minus a provision for expenses. This method is the same as the one used in the last valuation.

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.

For valuation purposes, the age used is the age on the date of the nearest birthday. However, to determine eligibility for benefits, the exact age was used. These methods are the same as those used in the last valuation.

As per the Employer's instructions, no adjustment was made to the solvency liabilities. This method is different from the one used in the last valuation.

ACTUARIAL ASSUMPTIONS

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

The main actuarial assumptions used for the valuation on the solvency and hypothetical wind-up 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 and Hypothetical Wind-Up Actuarial Assumptions

			December 31, 2013			December 31, 2010
Interest rate for active and deferred vested members less than age 55[1]			3.0% for the next 10 years and 4.6% thereafter			3.3% for the next 10 years and 5.0% thereafter
Interest rate for retired members, active and deferred vested members age 55 and over			3.85%			4.48%
Indexation before retirement for Quebec members			0.68% for the next 10 years and 1.16% thereafter			0.78% for the next 10 years and 1.35% thereafter
Indexation of pension[2]			0%			0%
Sun Media option			N/A			N/A
Quebec members	FI[3]-2.6%	FI-3.6%	FI-7.0%	FI-2.6%	FI-3.6%	FI-7.0%
- 1st year	0.61%	0.00%	0.0%	1.48%	0.48%	0.0%
- 2nd year	0.65%	0.00%	0.0%	1.54%	0.60%	0.0%
- 3rd year	0.71%	0.00%	0.0%	1.61%	0.73%	0.0%
- 4th year	0.85%	0.09%	0.0%	1.70%	0.89%	0.0%
- 5th year	1.18%	0.50%	0.0%	1.85%	1.11%	0.0%
- Thereafter	1.49%	0.89%	0.0%	2.02%	1.33%	0.0%
Salary increase			None			None
Increases in maximum pensionable earnings			None			None
Increases in maximum pension			None			None
Transfer values[4]			Unisex rates based on: 70% UP-94 Male Table with generational projection with scale AA, and 30% UP-94 Female Table with generational projection with scale AA.			Unisex rates based on: 70% UP-94 Male Table projected to 2020 with scale AA, and 30% UP-94 Female Table projected to 2020 with scale AA.
Annuity purchase			UP-94 Table with generational projection with scale AA sex distinct			UP-94 Table projected to 2020 with scale AA sex distinct

Table B.1 – Solvency and Hypothetical Wind-Up Actuarial Assumptions (continued)

Termination (membership)	None	None
Retirement	Age that maximizes the value of the pension	Same
% with eligible survivors	Male: 80% Female: 65%	Same
Difference in age between spouses	Male is 3 years older than female	Same
Provision for expenses	$450,000	Same

1 *Including Quebec active and deferred vested members over age 55.*
2 *Indexation of pension has been excluded as permitted by the Ontario Pension Benefits Act.*
3 *Financial indicator (FI)*
4 *Sex distinct mortality tables have been used for Quebec members.*

Vesting of benefits

In conformity with the Quebec *Supplemental Pension Plans Act*, for every member subject to this legislation and still active as at the valuation date, we took into account benefits ancillary to any pension to which this member would have been entitled if he had retired on the day preceding the valuation date.

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.
- Members with 55 points (age plus service) and 10 years of service were assumed to receive bridge benefits.
- For the purposes of determining eligibility for unreduced pension and supplemental bridge pension, we assumed that the Plan remained in effect to the member's retirement date and that the member remained employed to that date.

Settlement of benefits

In conformity with the Quebec *Supplemental Pension Plans Act*, every member subject to this Act for which pension is not in payment must be settled by a lump sum transfer. All other members and beneficiaries subject to this Act must be settled by the purchase of annuities from an insurance company.

Moreover, we have assumed that 100% of all active members not subject to the Quebec legislation and that are less than 55 years old would opt for the transfer of the value of their rights. We have also assumed that the rights of all other members not subject to the Quebec legislation would be settled by the purchase of annuities from an insurance company. This approach is the same as the one used in the last valuation.

Average salaries

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

Difference in age between spouses and % with eligible survivors

The assumptions of the age difference between spouses and eligible survivor percentages are used for members who are not retirees. For retirees, the assumption of the age difference between spouses was used, and information about the marital status of each individual was based on the data provided by the Plan Administrator.

Termination scenario

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

- Plan wind-up would 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 rates used to discount the amortization payments for the purposes of calculating the solvency asset adjustment and the solvency balance correspond to the weighted discount rates obtained from the rates used for the valuation of the members' benefits settled by a lump sum transfer (non indexed pensions) and the rates used for benefits settled by the purchase of non indexed annuities with an insurance company, taking into account the respective actuarial liabilities.

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

Settlement of benefits

The assumptions used to value the members' benefits settled by a lump sum transfer are in accordance with the Plan provisions, the applicable legislation as well as the Canadian Institute of Actuaries' standards of practice for pension commuted values.

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 dated April 26, 2014 prepared by the Canadian Institute of Actuaries. These assumptions are based on an estimate of the premium that would be required by an insurer to guarantee payment of the pensions. The duration of the liabilities expected to be settled through the purchase of non-indexed annuities is equal to 10.3 years.

Provision for fees

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.

INCREMENTAL COST

The incremental cost on the solvency basis is based on the actuarial method and assumptions described below.

Actuarial Cost Method

The method used to calculate the incremental cost may be described as follows:

1. Present value of expected benefit payments between December 31, 2013 and December 31, 2016, discounted to December 31, 2013;

   Plus

2. Projected solvency liabilities as at December 31, 2016, discounted to December 31, 2013;

   Less

3. Solvency liabilities as at December 31, 2013.

The projected liabilities as at December 31, 2016 take into account:

- accrual of service to December 31, 2016;
- expected changes in benefits to December 31, 2016; and
- projection of pensionable earnings to December 31, 2016.

Expected terminations, deaths, retirements as well as new entrants between December 31, 2013 and December 31, 2016 have not been taken into account as the impact on the incremental cost on the solvency basis is not considered material.

Actuarial Assumptions

The actuarial assumptions used to calculate the incremental cost may be described as follows:

- The assumptions used to calculate the expected benefit payments in item 1. above and service accruals, projected changes in benefits and projected changes in the pensionable earnings in item 2. above correspond to those used in the going-concern valuation as at December 31, 2013.
- The assumptions used to calculate the projected solvency liabilities as at December 31, 2016 in item 2. above correspond to those used for the solvency valuation as at December 31, 2013, taking into account the method of settlement applicable to each member as at December 31, 2016.

  However, we assume that the discount rates remain at the levels applicable as at December 31, 2013 and that the select period is reset as at December 31, 2016 for discount rate assumptions that are select and ultimate.

  We also assume that the standards of practice for the calculation of commuted values and the guidance for estimated annuity purchase costs in effect as at December 31, 2013 remain in effect as at December 31, 2016.
- The projected solvency liabilities as at December 31, 2016 in item 2. above is calculated using the same postulated scenario as is used for the solvency valuation as at December 31, 2013.
- The rates used to discount items 1. and 2. above from December 31, 2016 to December 31, 2013 correspond to those used for the solvency valuation as at December 31, 2013. However, these rates are adjusted to take into account the applicable method of settlement applicable to each member as at December 31, 2016.

APPENDIX C – ASSETS

SOURCE OF INFORMATION

All information pertaining to the assets has been extracted from the financial statements prepared by Raymond Chabot Grant Thornton. There was no indication of any problem with the assets in the financial statements.

Tests have been performed to ensure that contributions, benefits payments and investment earnings were reasonable.

STATEMENT OF MARKET VALUE

The following table shows the asset allocation as at December 31, 2013. For comparison purposes, the asset allocation as at December 31, 2010 is also shown.

Table C.1 – Assets at Market Value

	December 31, 2013	**December 31, 2010**
	$	**$**
Invested assets		
Cash	1,054,482	1,015,537
Bonds	68,149,038	49,558,203
Equities	93,734,663	67,739,049
Short and long term securities	2,238,745	3,480,665
Total	165,176,928	121,793,454
Other assets		
Contributions and other receivable	738,389	1,166,238
Accounts payable	(494,738)	(894,740)
Total	243,651	271 498
Net assets in the financial statements	165,420,579	122,064,952

CHANGES IN NET ASSETS

The following table shows changes affecting the assets during the intervaluation period, based on market values.

Table C.2 – Reconciliation

	2013	2012	2011
	$	$	$
Net assets – beginning of period	143,236,802	128,567,445	122,064,952
Receipts			
Contributions			
– Employee	1,469,316	1,604,525	1,729,330
– Employer current service	4,635,516	5,069,141	5,517,226
– Employee Past service contributions	529	31,161	-
– Employer Past service contributions	-	-	478,555
– Special contributions	2,318,700	2,318,701	3,309,100
– Total	8,424,061	9,023,528	11,034,211
Investment income	23,281,706	13,216,282	2,806,825
Total	31,705,767	22,239,810	13,841,036
Disbursements			
Benefits paid			
– Pensions in payment	4,915,320	4,365,987	3,955,804
– Contribution and transfer refunds	3,886,315	2,533,413	2,670,322
– Total	8,801,635	6,899,400	6,626,126
Transfers to other plans	-	15,938	24,885
Expenses (fees)	720,355	655,114	687,532
Total	9,521,990	7,570,452	7,338,543
Net assets – end of period	165,420,579	143,236,803	128,567,445

ACTUARIAL VALUE OF ASSETS – GOING-CONCERN BASIS

The calculation of assets on the going-concern basis (smoothing of fluctuations over a 3-year period) is as follow:

Table C.3 – Actuarial Value of Assets – Going-concern basis

Year	Market value (period start)	Contributions paid	Benefits paid	Transfers	Expected rate of return	Expected return
	$	$	$	$	%	$
2011	122,064,952	11,034,211	6,626,126	24,885	6.00	7,455,393
2012	128,567,445	9,023,528	6,899,400	15,938	6.00	7,777,292
2013	143,236,803	8,424,061	8,801,635	—	6.00	8,582,881

Table C.3 – Actuarial Value of Assets – Going-concern basis (continued)

Year	Actual return	Expected assets (period end)	Actual assets (period end)	Difference (period end)[1]	Adjustment	Actuarial value (period end)
	$	$	$	$	$	$
2011	2,119,293	133,903,545	128,567,445	(5,336,100)	(2,655,268)	131,222,713
2012	12,561,168	138,452,927	143,236,803	4,783,876	1,410,550	141,826,253
2013	22,561,350	151,442,110	165,420,579	13,978,469	10,913,605	154,506,974

1 *Difference between actual and expected assets*

RETURN ON ASSETS

The annual rates of return achieved on assets, after investment management fees and other fees charged to the fund, are as follows:

Table C.4 – Return on Assets after expenses

Year	Market Value Basis	Actuarial value basis
	%	%
2009	16.35	1.29
2010	8.45	4.48
2011	1.71	8.15
2012	9.69	6.42
2013	15.77	9.22

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, 2013. We have taken the following steps to review the data to ensure sufficiency and reliability:

- each member's record were reconciled with the data of the previous valuation 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 performed in order to follow the changes in the number of 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, 2013 (Non-contributory option)

D.4 - Distribution of active members according to age and service as at December 31, 2013 (Contributory option)

D.5- Distribution of active members according to age and service as at December 31, 2013 (Sun Media option)

Table D.1 – Summary of Membership Data

	December 31, 2013	December 31, 2010
Active members[1]		
Non-contributory members		
Number	63	90
Total payroll for following year	$4,831,100	$6,136,000
Average salary	$76,700	$68,200
Total limited payroll for following year	$4,615,800	$6,013,500
Average limited salary	$73,300	$66,800
Average age	47.4	46.0
Average hire service	17.3	15.0
Contributory members		
Number	361	523
Total payroll for following year	$28,733,500	$38,662,100
Average salary	$79,600	$73,900
Total limited payroll for following year	$28,370,500	$38,090,400
Average limited salary	$78,600	$72,800
Average age	51.1	48.7
Average hire service	17.8	14.4
Designated members		
Number	40	46
Total payroll for following year[2]	$8,660,000	$12,369,600
Average salary	$216,500	$268,900
Total limited payroll for following year	$5,122,800	$5,620,100
Average limited salary	$128,100	$122,200
Average age	54.6	53.1
Average hire service	23.3	21.7
Sun Media option		
Number	57	83
Total payroll for following year	$3,867,700	$5,346,300
Average salary	$67,900	$64,400
Average age	54.4	51.3
Average hire service	27.4	24.6

Table D.1 – Summary of Membership Data (continued)

	December 31, 2013	December 31, 2010
Total		
Number	521	742
Total payroll for following year	$46,092,300	$62,514,000
Average salary	$88,500	$84,300
Total limited payroll for following year	$41,976,800	$55,070,300
Average limited salary	$80,600	$74,200
Average age	51.3	49.0
Average hire service	19.2	16.0
Retirees and Beneficiaries		
Number	530	460
Total annual pensions[3]	$5,184,900	$3,675,900
Average annual pension	$9,800	$8,000
Total annual temporary pensions	$249,700	$196,000
Average age	71.9	71.6
Suspended members		
Number[4]	52	67
Total annual pensions	$172,600	$228,500
Average annual pension	$3,300	$3,400
Average age	51.9	50.7
Terminated vested members		
Number	353	348
Total annual pensions	$1,728,000	$1,436,300
Average annual pension	$4,900	$4,100
Average age	53.2	50.6

1 *Including the following disabled members' payroll as at December 31, 2013:*
- *Non-contributory members: $119,700*
- *Contributory members: $840,600*
- *Designated members: $0*
- *Sun Media option: $892,900*

2 *Including bonuses paid to designated members.*

3 *Including the annual temporary pensions.*

4 *Including 15 employees transferred to the group RRSP with a deferred pension payable from the plan (21 as at December 31, 2010).*

Table D.2 – Changes in Plan Membership

	Active members	Suspended members	Terminated vested members	Retirees	Beneficiaries	Awaiting payments	Total
Members as at December 31, 2010	742	67	348	412	48	2	1,619
New members	33	—	—	—	—	—	33
Data adjustments	2	(2)	—	—	—	—	—
Retirements	(64)	(4)	(29)	97	—	—	—
Active members whom now have become suspended	(4)	4	—	—	—	—	—
Terminations:							
Deferred pensions	(72)	(4)	76	—	—	—	—
Transfer or lump sums	(109)	(9)	(39)	—	—	(2)	(159)
Awaiting payments	(2)	—	—	—	—	2	—
Deaths:							
With no death benefit	—	—	—	(26)	(5)	—	(31)
Refund or transfer	(1)	—	—	—	—	—	(1)
Survivor pension	—	—	—	(11)	—	—	(11)
Beneficiaries	(4)	—	(3)	—	18	—	11
Terminations of pensions	—	—	—	(2)	(1)	—	(3)
Members as at December 31, 2013	521	52	353	470	60	2	1,458

Table D.3 – Non contributory option
Distribution of active members according to age and service as at December 31, 2013

Years of service		Age									
		29 and -	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65 and +	Total
0-4	**Number**										
	Tot Sal.										
	Avg Sal										
5-9	**Number**	5	4	4	4	1	3	2			**23**
	Tot Sal.	258,403		240,438	300,818		398,000				**1,852,895**
	Avg Sal	51,681		60,110	75,204		132,667				**80,561**
10-14	**Number**		1	2	3		3	1	1		**11**
	Tot Sal.			141,119			219,988				**792,629**
	Avg Sal			70,559			73,329				**72,057**
15-19	**Number**				1	3		2	1		**7**
	Tot Sal.							99,401			**542,282**
	Avg Sal							49,701			**77,469**
20-24	**Number**					4	1				**5**
	Tot Sal.					365,163					**398,528**
	Avg Sal					91,291					**79,706**
25 and +	**Number**						4	7	2	2	**15**
	Tot Sal.						346,018	519,505	102,931	156,643	**1,125,097**
	Avg Sal						86,505	74,215	51,465	78,321	**75,006**
Total	**Number**	**5**	**5**	**6**	**8**	**8**	**11**	**12**	**4**	**2**	**61**
	Tot Sal.	**258,403**	**355,858**	**381,557**	**477,900**	**801,825**	**9977,371**	**1,020,299**	**261,575**	**156,643**	**4,711,431**
	Avg Sal	**51,681**	**71,172**	**63,593**	**59,737**	**100,228**	**90,670**	**85,025**	**65,394**	**78,321**	**77,237**

Average age : 47.2
Average number of years of service : 17.1

Notes:

- *The age is computed at the nearest birthday.*
- *Years of service means the number of hired years of service for pension plan purposes, fractional parts being rounded to the nearest integer.*
- *The salary used is the salary rate as of January 1, 2014.*

Table D.4 – Contributory option
Distribution of active members according to age and service as at December 31, 2013

Years of service		Age									
		29 and -	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65 and +	Total
0-4	**Number**				2			1			**3**
	Tot. Sal.										**487,372**
	Avg. Sal.										**162,457**
5-9	**Number**	2	13	15	17	26	19	15	3	3	**113**
	Tot. Sal.	77,335		1,240,408	983,834	2,040,022	1,562,141	1,215,270	287,470	119,999	**8,578,912**
	Avg. Sal.	38,667		82,694	57,873	78,462	82,218	81,018	95,823	40,000	**75,920**
10-14	**Number**		1	9	10	4	10	7	10		**51**
	Tot. Sal.			719,823	866,953		771,176		920,866		**4,006,406**
	Avg. Sal.			79,980	86,695		77,118		92,087		**78,557**
15-19	**Number**			2	7	9	8	8	4		**38**
	Tot. Sal.			222,801	537,944	682,223	712,912	634,514	372,996		**3,163,390**
	Avg. Sal.			111,401	76,849	75,803	89,114	79,314	93,249		**83,247**
20-24	**Number**				3	11	7	10	5		**36**
	Tot. Sal.				222,127	806,193	520,379	870,541	261,236		**2,680,476**
	Avg. Sal.				74,042	73,290	74,340	87,054	52,247		**74,458**
25 and +	**Number**				2	9	25	37	22	8	**103**
	Tot. Sal.				163,318	765,999	2,048,868	3,222,108	1,992,006	783,969	**8,976,268**
	Avg. Sal.				81,659	85,111	81,955	87,084	90,546	97,996	**87,148**
Total	**Number**	**2**	**14**	**26**	**41**	**59**	**69**	**78**	**44**	**11**	**344**
	Tot. Sal.	**77,335**	**1,164,433**	**2,183,032**	**3,085,009**	**4,477,247**	**5,615,477**	**6,551,750**	**3,834,574**	**903,968**	**27,892,824**
	Avg. Sal.	**38,667**	**83,174**	**83,963**	**75,244**	**75,886**	**81,384**	**83,997**	**87,149**	**82,179**	**81,084**

Average age : *50.8*
Average number of years of service : *17.7*

Notes :

- *The age is computed at the nearest birthday.*
- *Years of service means the number of hired years of service for pension plan purposes, fractional parts being rounded to the nearest integer.*
- *The salary used is the salary rate as of January 1, 2014.*

Table D.5 – Sun Media option
Distribution of active members according to age and service as at December 31, 2013

Years of service		Age									
		29 and -	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65 and +	Total
0-4	**Number**										
	Tot. Sal.										
	Avg. Sal.										
5-9	**Number**										
	Tot. Sal.										
	Avg. Sal.										
10-14	**Number**										
	Tot. Sal.										
	Avg. Sal.										
15-19	**Number**										
	Tot. Sal.										
	Avg. Sal.										
20-24	**Number**				2	6		4	1	2	**15**
	Tot. Sal.					434,950		307,626			**1,072,283**
	Avg. Sal.					72,492		76,906			**71,486**
25 and +	**Number**					4	12	4	5	1	**26**
	Tot. Sal.					265,430	797,520	435,522	324,255		**1,902,527**
	Avg. Sal.					66,358	66,460	108,880	64,851		**73,174**
Total	**Number**				**2**	**10**	**12**	**8**	**6**	**3**	**41**
	Tot. Sal.				**98,942**	**700,380**	**797,520**	**743,147**	**439,894**	**194,927**	**2,974,810**
	Avg. Sal.				**49,471**	**70,038**	**66,460**	**92,893**	**73,316**	**64,976**	**72,556**

Average age : *53.9*
Average number of years of service : *27.2*

Notes :

- *The age is computed at the nearest birthday.*
- *Years of service means the number of hired years of service for pension plan purposes, fractional parts being rounded to the nearest integer.*
- *The salary used is the salary rate as of January 1, 2014.*

APPENDIX E – SUMMARY OF PLAN PROVISIONS

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

DEFINITIONS:

- Earnings: remuneration paid by Employer excluding overtime, bonuses and other special payments.
- For designated employees, Earnings may include some forms of excluded compensation.
- For sales representatives, Earnings mean 80% of commission of the previous year plus normal remuneration, subject to a maximum of 50 times the defined benefit limit, plus 30% of YMPE.
- In the case of the non-contributory option, Earnings shall be limited to 50 times the defined benefit limit plus 30% of YMPE, but to not less than $104,561.
- For Sun Media option, Earnings mean basic annual rate of remuneration in effect on June 30 of the fiscal year, multiplied by the member's number of months of pensionable service in the fiscal year divided by 12, plus commissions, but excluding bonus and overtime pay.
- *Final Average Earnings:* average earnings for the best 5 consecutive years of membership.
- *Final Average YMPE*: average of the YMPEs for the years used to calculate the Final Average Earnings.
- *Financial Indicator:* average over 5 years ending the prior September 30 of the average yield on long-term (10 or more years) Government of Canada bonds (series B14013 of the Bank of Canada Review).

ELIGIBILITY

Closed to new employees effective December 27, 2008.

MEMBERSHIP

Mandatory starting January 1st following the fifth anniversary with the Company.

EMPLOYEE CONTRIBUTIONS

- Non-contributory and Sun Media Options

  No employee contribution is required.
- Contributory Option

  3.5% of earnings up to YMPE; 5% of earnings in excess of YMPE. Earnings shall be limited to 50 times the defined benefit limit plus 30% of YMPE.
- Designated members

  5% of earnings. Earnings shall be limited to 50 times the defined benefit limit.

CREDITED INTEREST ON EMPLOYEE CONTRIBUTIONS

Based on the rate of return of the fund, after deduction for investment and administrative fees.

NORMAL RETIREMENT

65 years.

EARLY RETIREMENT

55 years. Pension reduced by 0.5% for each full month between retirement and 61st birthday.

For Sun Media Option:
Following attainment of age 55 with two years of continuous service. Pension is reduced by ¼% for each full month between age 60 and by 65, and ½% for each month between age 55 and 60.

ANNUAL PENSION

- Non-contributory Option

  0.80% of Final Average Earnings up to the Final Average YMPE plus 1.25% of Final Average Earnings in excess of the Final Average YMPE; multiplied by service under Non-contributory Option.

- Contributory Option

  1.40% of Final Average Earnings up to the Final Average YMPE plus 2.0% of Final Average Earnings in excess of the Final Average YMPE; multiplied by service under Contributory Option.

- Designated members

  2.0% of Final Average Earnings; multiplied by service as a Designated member.

  A Designated Member who retires before age 65 and who has at least 10 Years of Pensionable Service in the Plan shall receive a bridge benefit equal to the reduction in the annual pension following the application of the Income Tax Act limits. This amount cannot be negative and shall be reduced, if necessary, so that the bridge benefit and the total annual pension do not exceed the applicable Income Tax Act limits.

- Sun Media Option

  For an executive member who attained executive member status before January 1, 1991:

  - 2% of basic annual rate of pay on June 30, 1994 plus 1994 commissions, multiplied by credited service up to December 31, 1994; plus
  - 2% of total Plan Earnings for credited service on and after January 1, 1995.

- For an executive member who attained executive member status after December 31, 1990:
  - 1% of basic annual rate of pay on June 30, 1994 plus commissions, multiplied by credited service up to December 31, 1994; plus
  - 1% of basic annual rate of pay on June 30, 1994 plus 1994 commissions, multiplied by credited service from January 1st coincident with or following date on which the member became an executive member to December 31, 1994; plus
  - 1% of total Plan Earnings for credited service on and after January 1, 1995 and prior to the January 1st coincident with or following date on which the member became an executive member; plus
  - 2% of total Plan Earnings for credited service on and after January 1, 1995 and on and after the January 1st coincident with or following date on which the member became an executive member.
- For a regular member:
  - 1% of basic annual rate of pay on June 30, 1994 plus 1994 commissions, multiplied by credited service up to December 31, 1994; plus
  - 1% of total Plan Earnings for credited service on and after January 1, 1995.

MAXIMUM PENSION

For each year of pensionable service, the lesser of:

- the defined benefit limit, as defined for tax purposes, or
- 2% of the average earnings for the three best years.

INDEXATION OF PENSIONS IN PAYMENT

On February 1st of each year, as long as a pension is paid, such pension shall be increased by a percentage equal to the amount, if any, by which the Financial Indicator exceeds 7%.

There is no indexation on pensions payable from Sun Media option.

TERMINATION OF EMPLOYMENT

- Eligibility: immediate.
- Eligibility for Sun Media option: two years of membership.
- Annual pension: deferred credited pension at age 65. The employee may ask for the transfer of the value of his pension.

DEATH BENEFITS

Before retirement

An immediate or deferred life annuity equal to the actuarial equivalent value of the member's pension. The spouse may ask for the transfer of the actuarial value.

For Sun Media option, the spouse or beneficiary is entitled to the commuted value of the member's vested pension.

After retirement

The normal form of payment is 60% joint and survivor pension. In the case of the Sun Media option, the normal form of payment is life with 10 years guaranteed or the actuarial equivalent including 60% joint and survivor option payable to the spouse, when applicable.

EXCESS CONTRIBUTIONS

On termination, death or retirement, the member's contributions with interest may not provide for more than 50% of the value of the contributory benefit.

ADDITIONAL PENSION BENEFIT

For a Quebec member, the actuarial value of the credited pension payable upon death or termination of employment must be at least equal to the actuarial value of a deferred pension payable at 65 and including an indexation of the pension at a rate of 50% CPI (to a maximum of 2%) from the termination date to age 55.

DISABILITY

A member is exempt from the requirement to make contributions to the Plan during a leave of absence attributable to a disability. For the purpose of determining the member's retirement pension, the member shall be deemed to have made required contributions during the period of disability. For the purpose of contributions and accruals the member's earnings are deemed to be equal to the rate of earnings received by the member immediately before the commencement of disability.

APPENDIX F – EMPLOYER CERTIFICATION

With respect to the actuarial valuation report of Pension Plan for Non-Unionized Employees of Quebecor Media Inc. and its Participating Subsidiaries as at December 31, 2013, we hereby confirm that to the best of our knowledge:

- the contributions have been paid to the fund in conformity with the previous actuarial report;
- the data regarding Plan members and beneficiaries provided to Morneau Shepell 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 Shepell 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 than those listed in this actuarial report on the Plan, which would materially affect the results.

Quebecor Media Inc.

Signature

BENOÎT DESMARAIS

Name (printed)

Director - Pension and Benefits

Title

23/09/14

Date

MORNEAU SHEPELL