# Pension Plan for Non-Unionized Employees of Quebecor Media Inc. and its Participating Subsidiaries

*Actuarial Valuation as at December 31, 2009*

Report prepared on September 20, 2010

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, 2009 of the Pension Plan for Non-Unionized Employees of Quebecor Media Inc. and its Participating Subsidiaries (the "Plan"). Quebecor Media Inc. (the "Employer") retained the services of Morneau Sobeco to perform this actuarial valuation. The last complete valuation that was filed with the Financial Services Commission of Ontario and the Canada Revenue Agency was performed as at December 31, 2008.

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

- to determine the financial position of the Plan on a going-concern basis;
- to determine the financial position of the Plan on both a solvency and a wind-up basis;
- to estimate the employer contributions required under the Plan during the period from this valuation date up to the next valuation in accordance with the Ontario *Pension Benefits Act*; and
- to provide the information and the actuarial opinion required by the Ontario *Pension Benefits Act* and the *Income Tax Act*.

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

# 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, 2009, based on the Plan provisions and data as at that date. The Employer has confirmed that, between December 31, 2009 and September 20, 2010, no subsequent events, no modifications or extraordinary changes to the membership or the Plan, that would materially affect the results of this actuarial valuation, have occurred, except as indicated in this report.

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

- The Plan is not fully funded on a going-concern basis. The actuarial liabilities exceed the actuarial value of assets by $4,764,200.
- According to the solvency test required under the Ontario *Pension Benefits Act*, the Plan is not solvent. On a solvency basis, the actuarial liabilities exceed the value of assets by $14,781,500.
- The Plan assets would have been less than the actuarial liabilities by $15,793,100 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 0.872. The Employer may have to make additional contributions if an ex-participant transfers the commuted value of his accrued benefits out of the Plan.
- The residual normal cost (i.e. normal cost less employee required contributions) is equal to 8.6% of payroll.
- The minimum employer contribution is equal to 8.6% 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 |
|---|---|---|
| | $ | $ |
| 2010 | 5,979,600 | 2,732,780 |
| 2011 | 6,188,900 | 2,501,340 |
| 2012 | 6,405,500 | 1,510,940 |

- The minimum amortization payments should be the dollar amounts indicated in the above table. Higher amortization payments are acceptable but they cannot exceed $15,793,100 plus interest in aggregate. The Plan actuary should be consulted if the amortization payments in any year are greater than the minimum required.

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

In our opinion:

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

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

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

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

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

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

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

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

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

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

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September 20, 2010

# Section 2 – Going-Concern Financial Position

### Statement of Going-Concern Financial Position

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

**Table 2.1 – Going-Concern Financial Position**

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| | $ | $ |
| Actuarial value of assets | | |
| > Market value | 108,284,000 | 89,061,100 |
| > Adjustment | (535,100) | 13,032,400 |
| > Contributions receivable | — | 1,287,300 |
| > Total | 107,748,900 | 103,380,800 |
| Actuarial liabilities | | |
| > Active members | 60,239,200 | 55,704,200 |
| > Retired members and beneficiaries | 37,218,500 | 33,722,400 |
| > Terminated vested members | 11,267,800 | 9,716,300 |
| > Suspended members | 3,787,600 | 4,942,500 |
| > Total | 112,513,100 | 104,085,400 |
| Actuarial surplus (unfunded liability) | (4,764,200) | (704,600) |
| Funding Ratio | 95.8% | 99.3% |

### Reconciliation of Going-Concern Financial Position

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

**Table 2.2 – Reconciliation of Going-Concern Financial Position**

| | | $ | $ |
|---|---|---|---|
| Actuarial surplus (unfunded liability) as at December 31, 2008 | | | (704,600) |
| Expected changes in financial position | | | |
| > | Interest on surplus (unfunded liability) | (42,300) | |
| > | Amortization payments | 1,361,800 | |
| > | Interest on amortization payments | 40,900 | |
| > | Total | | 1,360,400 |
| Expected surplus (unfunded liability) as at December 31, 2009 | | | 655,800 |
| Actuarial gains (losses) due to the following factors | | | |
| > | Investment return on actuarial value of assets | (4,910,800) | |
| > | Salary increases | 1,075,000 | |
| > | Retirements | (214,500) | |
| > | Terminations | 457,900 | |
| > | Mortality | 68,900 | |
| > | Other factors | (134,200) | |
| > | Total | | (3,657,700) |
| Changes in actuarial assumptions | | | |
| > | Retirement age for certain deferred members | (854,600) | |
| > | Full generational UP-94 mortality table projected with scale AA | (907,700) | |
| > | Total | | (1,762,300) |
| Actuarial surplus (unfunded liability) as at December 31, 2009 | | | (4,764,200) |

# Section 3 – Solvency and Wind-up Financial Position

### Statement of Solvency Financial Position

A solvency valuation is a hypothetical valuation prescribed by the Ontario *Pension Benefits Act* and which imposes a floor on required contributions and a ceiling on what may be transferred out of the pension fund upon termination of membership. A solvency valuation may, however, differ from the valuation required on plan wind-up. See Statement of Wind-up Financial Position below.

**Table 3.1 – Solvency Financial Position**

| | **December 31, 2009** | **December 31, 2008** |
|---|---|---|
| | **$** | **$** |
| Solvency assets | | |
| > Market value of assets | 108,284,000 | 89,061,100 |
| > Contributions receivable | — | 1,287,300 |
| > Provision for expenses | (450,000) | (330,000) |
| > Total | 107,834,000 | 90,018,400 |
| Solvency liabilities | | |
| > Active members | 62,175,600 | 54,063,900 |
| > Terminated vested members | 13,996,500 | 11,762,600 |
| > Retired members and beneficiaries | 41,677,500 | 36,488,500 |
| > Suspended members | 4,765,900 | 6,000,100 |
| > Total | 122,615,500 | 108,315,100 |
| Assets less liabilities on a solvency basis | (14,781,500) | (18,296,700) |
| Solvency asset adjustment | | |
| > Present value of special payments | 4,264,200 | 6,382,500 |
| > Asset averaging method | 1,464,200 | 12,590,500 |
| > Total | 5,728,400 | 18,973,000 |
| Solvency liability adjustment | 4,454,500 | 2,187,000 |
| New solvency surplus (deficiency) | (4,598,600) | 2,863,300 |

As authorized by the Ontario *Pension Benefits Act*, the value of future post-retirement cost-of-living increases can be excluded for solvency liabilities purposes. The value on a solvency basis of this excluded benefit is $1,011,600 as at December 31, 2009.

### 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 shown in Appendix C.

The solvency asset adjustment as at December 31, 2009, 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 | $ | $ |
| Solvency | 04-14-2008 | 10-31-2011 | 1,221,840 | 2,119,400 |
| Going-concern | 12-31-2008 | 12-31-2023 | 70,630 | 315,200 |
| Going-concern | 12-31-2009 | 12-31-2024 | 409,940 | 1,829,600 |
| Total | | | 1,702,410 | 4,264,200 |

1 *Value of amortization payments (maximum 5 years) discounted with solvency interest rate as at December 31, 2009*

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

### Statement of Wind-up Financial Position

As permitted by applicable legislation, escalated adjustments were not valued on a solvency basis.

Since the solvency assets have been adjusted, the solvency liabilities have been adjusted and not all benefits have been valued, if the Plan had been liquidated as at December 31, 2009 and assuming that the asset liquidation value had been equal to the market value, the wind-up financial position would have been different from the solvency position as shown in the table below:

**Table 3.3 – Wind-up Financial Position**

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| | $ | $ |
| Wind-up assets | | |
| > Market value of assets | 108,284,000 | 89,061,100 |
| > Contributions receivable | — | 1,287,300 |
| > Provision for expenses | (450,000) | (330,000) |
| > Total | 107,834,000 | 90,018,400 |
| Wind-up liabilities | | |
| > Active members | 62,922,700 | 56,928,500 |
| > Terminated vested members | 14,094,300 | 12,326,000 |
| > Retired members and beneficiaries | 41,836,700 | 36,488,500 |
| > Suspended members | 4,773,400 | 6,245,200 |
| > Total | 123,627,100 | 111,988,200 |
| Assets less liabilities on a wind-up basis | (15,793,100) | (21,969,800) |
| Transfer ratio | 0.872 | 0.804 |

### Transfer Ratio

The transfer ratio is equal to the ratio of the wind-up assets to the wind-up liabilities, as shown in table 3.3.

### Pension Benefits Guarantee Fund (PBGF) Assessment

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

**Table 3.4 – PBGF Assessment Base**

| | $ |
|---|---|
| Ontario portion of solvency assets (before provision for expenses) | 43,675,500 |
| PBGF liabilities | 49,864,000 |
| PBGF assessment base | 6,188,500 |
| Additional liability for plant closure and/or permanent layoff benefits not funded | — |

# 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, 2009 | | As at December 31, 2008 | |
|---|---|---|---|---|
| | **$** | **% of payroll[1]** | **$** | **% of payroll[1]** |
| Normal cost | 7,907,800 | (11.4) | 8,112,900 | (11.0) |
| Less employee contributions | 1,928,200 | (2.8) | 2,009,400 | (2.7) |
| Residual normal cost | 5,979,600 | (8.6) | 6,103,500 | (8.3) |

1 *In % of unlimited payroll.*

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

**Table 4.2 – Residual Normal Cost per Option**

| | As at December 31, 2009 | | As at December 31, 2008 | |
|---|---|---|---|---|
| | **$** | **% of payroll[1]** | **$** | **% of payroll[1]** |
| > Non-contributive option | 479,300 | (7.3) | 475,500 | (7.0) |
| > Contributive option | 4,116,600 | (10.4) | 4,142,600 | (10.1) |
| > Designated option | 1,043,000 | (15.6) | 1,110,600 | (15.9) |
| > Sun Media option | 340,700 | (6.0) | 374,800 | (5.9) |

1 *In % of limited 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, 2008 | 11.0 |
| Demographic changes | 0.2 |
| Changes in actuarial assumptions | 0.2 |
| Normal cost as at December 31, 2009 | 11.4 |

### Amortization Payments

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

**Table 4.4 – 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 | 1,221,840 | 2,027,900 | 2,119,400 |
| Going-concern[4] | 12-31-2008 | 12-31-2023 | 70,630 | 674,400 | 315,200 |
| Total | | | 1,292,470 | 2,702,300 | 2,434,600 |

1 *Value of amortization payments discounted with interest as at December 31, 2009 (at a rate of going-concern basis at that date)*

2 *Value of amortization payments discounted with interest as at December 31, 2009 (at a rate of solvency basis at that date)*

3 *The last payment in October 2011 will be $74,020.*

4 *Only five years of amortization payments considered.*

Based on the financial position 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 4.5 – Amortization Payments – Current Valuation**

| Nature of liability or deficiency | Start date | End date | Annual amortization payment | Balance going concern[1] | Balance solvency[2] |
|---|---|---|---|---|---|
| | **mm-dd-yyyy** | **mm-dd-yyyy** | **$** | **$** | **$** |
| Solvency[3] | 04-14-2008 | 10-31-2011 | 1,221,840 | 2,027,900 | 2,119,400 |
| Going-concern[4] | 12-31-2008 | 12-31-2023 | 70,630 | 674,400 | 315,200 |
| Going-concern[4] | 12-31-2009 | 12-31-2024 | 409,940 | 4,089,800 | 1,829,600 |
| Solvency | 12-31-2009 | 12-31-2014 | 1,030,370 | 4,458,400 | 4,598,600 |
| Total | | | 2,732,780 | 11,250,000 | 8,862,800 |

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

2 *Value of amortization payments discounted with interest as at December 31, 2009 (at a rate of 4,66%)*

3 *The last payment in October 2011 will be $74,020.*

4 *Only five years of amortization payments considered.*

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

# Appendix A – Going-Concern Actuarial Basis

### Asset Valuation Method

The actuarial value of the assets used to determine the going-concern financial position is based on a valuation method that smoothes out short-term market fluctuations over a 3-year period. This method consists in subtracting 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, 2009, plus

b) 33 $^{1}/_{3}$% of the difference between the actual market value and the expected market value as at December 31, 2008.

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 interest 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 a going-concern basis were calculated using the projected accrued benefit (or projected unit credit) actuarial cost method.

The actuarial liabilities are equal to the actuarial present value of benefits earned by members for services prior to the valuation date, taking into account the assumptions as indicated hereafter.

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.

This valuation method for determining the actuarial liabilities and the normal cost 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.

**Actuarial Assumptions**

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

**Table A.1 – Actuarial Assumptions**

| | December 31, 2009 | | December 31, 2008 | |
|---|---|---|---|---|
| Interest | 6.00% | | 6.00% | |
| Salary increase | 3.50% | | 3.50% | |
| > Sun Media option | None | | None | |
| Increase in maximum pensionable earnings | 3.00% | | 3.00% | |
| Inflation | 2.50% | | 2.50% | |
| Indexation | 0% for the first 5 years and 0.32% thereafter | | 0% for the first 5 years and 0.32% thereafter | |
| > Sun Media option | None | | None | |
| Maximum pension | 2009: $2,444.44<br>2010: $2,494.44<br>3.00% starting in 2011 | | 2008: $2,333.33<br>2009: $2,444.44<br>3.00% starting in 2010 | |
| Interest credited on employee contributions | 6.00% | | 6.00% | |
| Mortality | Full generational UP-94 table projected with scale AA | | UP-94 Table projected to 2020 with scale AA | |
| Termination of membership | Age | % | Age | % |
| | 22 | 18 | 22 | 18 |
| | 32 | 13 | 32 | 13 |
| | 42 | 8 | 42 | 8 |
| | 52 | - | 52 | - |
| Retirement | 50% at age 61<br>50% at age 62 | | 50% at age 61<br>50% at age 62 | |
| > Deferred members | Age 65, if not eligible to subsidized early retirement reduction | | Age 65 | |
| % with eligible survivors | Male: 80%<br>Female: 65% | | Male: 80%<br>Female: 60% | |
| Difference in age between spouses | Male is 3 years older than female | | Male is 3 years older than female | |

***Calculation of the value of amortization payments***

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

***Choice of assumptions***

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

Based on the target portfolio set out in the investment policy, the expected long-term real returns of the different asset classes and the expected added value of the investment manager, we may anticipate a real return of 4.6%, which, when added to the expected inflation rate of 2.5%, results in a rate of 7.1%. However, it is appropriate to reduce this expectation by a margin for adverse deviations of 0.4% and a provision for investment and administrative expenses of 0.7%. Therefore, we believe that a nominal net rate of 6.0% is appropriate.

**Table A.2 – Rate of Return**

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

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

In order to reflect improvement in life expectancy as well as future expectations, this current valuation uses the full generational UP-94 table projected with scale AA while UP-94 mortality table projected to 2020 with AA-scale was used for prior valuations.

The retirement age assumption has been modified for deferred members eligible to a subsidized early retirement reduction. In this current valuation, these members are presumed to retire at the same age than other members, instead of retiring at age 65 as in the prior valuation.

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

Members aged over the retirement age assumption are assumed to retire immediately. Therefore, for the calculation of the actuarial cost, we exclude the present value of benefits which would be earned by these members in the year following the valuation.

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

# Appendix B – Solvency and Wind-Up Actuarial Basis

### Asset Valuation Method - Solvency

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

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

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

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

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

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

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

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

### Asset Valuation Method – Wind-Up

The actuarial value of the assets used to determine the wind-up financial position is equal to the market value of assets, adjusted for amounts payable and receivable, minus a provision for expenses.

### Actuarial Cost Method

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

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.

### Actuarial Assumptions

The main actuarial assumptions used in the solvency and wind-up valuations correspond to those prescribed by the applicable legislation. They are summarized in the following tables. For comparison purposes, the assumptions used in the last valuation are also included. All rates and percentages are annualized unless otherwise noted.

**Table B.1 – Solvency Actuarial Assumptions**

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Interest rate for active and deferred vested members less than age 55[1] | 3.9% for the next 10 years and 5.4% thereafter | 4.2% for the next 10 years and 5.7% thereafter |
| Interest rate for retired members, active and deferred vested members age 55 and over | 4.49% | 4.85% |
| Indexation before retirement for Quebec members | 0.87% for the next 10 years and 1.29% thereafter | 0.68% for the next 10 years and 0.96% thereafter |
| Indexation of pension[2] | 0% | 0% |
| > Sun Media option | N/A | N/A |
| Salary increase (productivity) | None | None |
| Increase in maximum pensionable earnings | None | None |
| Increase in maximum pension | None | None |
| Mortality | | |
| > Transfer values[3] | 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. | 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 projected to 2020 with scale AA sex distinct | UP-94 Table projected to 2015 with scale AA sex distinct |
| Termination of membership | None | None |
| Retirement | Age that maximizes the value of the pension | Age that maximizes the value of the pension |
| % with eligible survivors | Male: 80%<br>Female: 65% | Male: 80%<br>Female: 60% |
| Difference in age between spouses | Male is 3 years older than female | Male is 3 years older than female |
| Provision for expenses | $450,000 | $330,000 |

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 *Sex distinct mortality tables have been used for Quebec members.*

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

**Table B.2 – Wind-Up Actuarial Assumptions**

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Interest rate for active and deferred vested members less than age 55[1] | 3.9% for the next 10 years and 5.4% thereafter | 3.75% for the next 10 years and 5.25% thereafter |
| Interest rate for retired members, active and deferred vested members age 55 and over | 4.49% | 4.85% |
| Post-retirement indexation | | |
| > For active and deferred vested members | 0.25% | 0.00% |
| > For retired members, active and deferred vested members outside of Quebec age 55 and over | 0.00% | 0.00% |
| Mortality | | |
| > Transfer values[2] | 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. | Unisex rates based on: 70% UP-94 Male Table projected to 2015 with scale AA, and 30% UP-94 Female Table projected to 2015 with scale AA. |
| > Annuity purchase | UP-94 Table projected to 2020 with scale AA sex distinct | UP-94 Table projected to 2015 with scale AA sex distinct |

1 *Including Quebec active and deferred vested members over age 55.*

2 *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.

***Payment 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 have their pension insured with 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 benefits of all other members not subject to the Quebec legislation would be insured with 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.

***Investment in the company equities***

As the value of assets includes securities of the company, its value could be affected if the Employer declared bankruptcy.

***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 wind-up valuations includes the following assumptions:

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

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

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

***Discounted value of payments***

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

***Margin for adverse deviations***

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

***Choice of assumptions***

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

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

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

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

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

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

The average interest rate used to value the members benefits which, in case of Plan wind-up, would be settled by the purchase of annuities is calculated using rates that conform to the educational notes published by the Canadian Institute of Actuaries and applicable as at these different chosen dates, taking into account the plan's annuity purchase size as at December 31, 2009. These rates are based on an estimate of the premium that would be required by an insurer to guarantee payment of the pensions.

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

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

# Appendix C – Assets

### Source of information

The invested assets are held by Fiducie Desjardins. We have relied upon the information contained in the financial statements prepared by Fiducie Desjardins and Pratte, Bélanger Chartered Accountants Inc. following tests of reasonableness with respect to contributions, benefit payments and investment income. There was no indication of problem with the assets in their report.

### Statement of Market Value

The following table shows the asset mix as at December 31, 2009 and for comparison, the mix as at December 31, 2008.

**Table C.1 – Assets at Market Value**

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| | $ | $ |
| Invested assets | | |
| > Cash and notes | 3,362,339 | 3,273,917 |
| > Bonds | 21,307,707 | 22,412,445 |
| > Equities and pooled funds | 83,224,693 | 63,090,303 |
| > Total | 107,894,739 | 88,776,665 |
| Other assets | | |
| > Contributions receivable | 1,065,568 | 1,344,823 |
| > Accounts payable | (676,295) | (1,060,395) |
| > Total | 389,273 | 284,428 |
| Total market value of assets | 108,284,012 | 89,061,093 |

### Changes to Plan Assets

The following tables show changes to the Plan assets held by Fiducie Desjardins during the intervaluation period, based on market values. The reconciliation is based on the statements issued by Pratte, Bélanger Chartered Accountants Inc as by Fiducie Desjardins.

**Table C.2 – Reconciliation**

| | **2009** |
|---|---|
| | **$** |
| Assets at beginning of year | 89,061,093 |
| Receipts | |
| > Contributions[1] | |
| – Employee | 1,982,581 |
| – Employer current service cost | 6,089,435 |
| – Employer amortization payments | 1,361,773 |
| – Total contributions | 9,433,789 |
| > Transfers from other plans | — |
| > Investment income | 15,622,263 |
| > Special contributions for 2008 | 1,324,451 |
| > Total receipts | 26,380,503 |
| Disbursements | |
| > Benefits | |
| – Pensions paid | 3,328,448 |
| – Contribution and transfer refunds | 2,957,829 |
| – Total benefits | 6,286,277 |
| > Transfers to other plans | 160,990 |
| > Expenses (fees) | 710,317 |
| > Total disbursements | 7,157,584 |
| Assets at end of year | 108,284,012 |

1 *Total contributions as per financial statements were split as per December 31, 2008 actuarial valuation.*

### Asset Valuation Method – Going-concern

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

a) 66 $^{2}/_{3}$ % of the difference between the actual market value and the expected value as at December 31, 2009, plus

b) 33 $^{1}/_{3}$ % of the difference between the actual market value and the expected value as at December 31, 2008.

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

This method was also used in the previous valuation.

**Table C.3 – Actuarial Value of Assets**

| Year | Market value (beginning of year) | Contributions paid | Benefits paid and transfers | Administrative fees | Anticipated rate of return | Anticipated return |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | % | $ |
| 2006 | 80,038,600 | 11,069,000 | 4,893,500 | 585,700 | 6.50 | 5,403,200 |
| 2007 | 96,975,300 | 9,982,500 | 5,285,300 | 560,800 | 6.50 | 6,456,100 |
| Jan. 1, 2008 to Apr. 14, 2008 | 102,035,000 | 2,379,200 | 1,330,200 | 171,200 | 1.85 | 1,899,500 |
| Apr. 14 2008 to Dec. 31, 2008 | 103,594,900 | 6,371,600 | 9,400,700 | 431,400 | 4.29 | 4,379,700 |
| 2009 | 89,061,000 | 10,758,200 | 6,447,300 | 710,300 | 6.00 | 5,473,000 |

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

| Year | Anticipated assets (end of year) | Actual assets (end of year) | Actual return | Difference: actual less anticipated assets | Adjustment | Actuarial value (end of year) |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| 2006 | 91,617,200 | 96,975,300 | 10,761,300 | 5,358,100 | 3,833,000 | 93,142,300 |
| 2007 | 108,128,600 | 102,035,000 | 362,400 | (6,093,600) | (2,276,400) | 104,311,400 |
| Jan. 1, 2008 to Apr. 14, 2008 | 104,983,300 | 103,594,900 | 511,000 | (1,388,400) | (2,671,400) | 106,266,200 |
| Apr. 14 2008 to Dec. 31, 2008 | 104,945,500 | 89,061,000 | (11,504,800) | (15,884,400) | (13,032,400) | 102,093,400 |
| 2009 | 98,844,900 | 108,284,000 | 14,912,100 | 9,439,100 | 535,100 | 107,748,900 |

### Asset Valuation Method – Solvency

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

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

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

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

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

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

This method was also used in the previous valuation.

**Table C.4 – Actuarial Value of Assets - Solvency**

| Year | Market value (beginning of year) | Contributions paid | Benefits paid and transfers | Administrative fees | Anticipated rate of return | Anticipated return |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | % | $ |
| 2006 | 80,038,600 | 11,069,000 | 4,893,500 | 585,700 | 4.90 | 4,073,200 |
| 2007 | 96,975,300 | 9,982,500 | 5,285,300 | 560,800 | 5.10 | 5,065,500 |
| Jan. 1, 2008 to Apr. 14, 2008 | 102,035,000 | 2,379,200 | 1,330,200 | 171,200 | 1.48 | 1,519,600 |
| Apr. 14 2008 to Dec. 31, 2008 | 103,594,900 | 6,371,600 | 9,400,700 | 431,400 | 3.72 | 3,795,700 |
| 2009 | 89,061,000 | 10,758,200 | 6,447,300 | 710,300 | 4.20 | 3,831,100 |

**Table C.4 – Actuarial Value of Assets - Solvency (continued)**

| Year | Anticipated assets (end of year) | Actual assets (end of year) | Actual return | Difference: actual less anticipated assets | Adjustment | Actuarial value (end of year) |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| 2006 | 90,287,200 | 96,975,300 | 10,761,300 | 6,688,100 | 5,464,300 | 91,511,000 |
| 2007 | 106,738,100 | 102,035,000 | 362,400 | (4,703,100) | (906,000) | 102,941,000 |
| Jan. 1, 2008 to Apr. 14, 2008 | 104,603,400 | 103,594,900 | 511,000 | (1,008,500) | (738,500) | 104,333,400 |
| Apr. 14 2008 to Dec. 31, 2008 | 104,361,500 | 89,061,000 | (11,504,800) | (15,300,500) | (12,590,500) | 101,651,500 |
| 2009 | 97,203,000 | 108,284,000 | 14,912,100 | 11,081,000 | (1,464,200) | 109,748,200 |

**Return of Assets**

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

**Table C.5 – Rate of Returns**

| Year | Market value basis | Actuarial value basis |
|---|---|---|
| | % | % |
| 2008 | (10.90) | (0.23) |
| 2009 | 16.35 | 1.29 |

# Appendix D – Membership Data

### Description of Membership Data

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

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

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

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

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

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

### Summary of Membership Data

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

These tables show the following:

D.1 A summary of membership data

D.2 Changes in Plan membership

D.3 Distribution of active members according to age and service as at December 31, 2009 (Non-contributory option)

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

D.5 Distribution of active members according to age and service as at December 31, 2009 (Sun Media option)

**Table D.1 – Summary of Membership Data**

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| **Active members**[1] | | |
| **Non-contributory members** | | |
| Number | 104 | 108 |
| Total payroll for following year | $6,918,300 | $7,105,000 |
| Average salary | $66,500 | $65,800 |
| Total limited payroll for following year | $6,792,400 | $6,975,500 |
| Average limited salary | $65,300 | $64,600 |
| Average age | 44.8 | 44.6 |
| Average hire service | 13.5 | 13.0 |
| **Contributory members** | | |
| Number | 578 | 605 |
| Total payroll for following year | $40,615,900 | $42,188,500 |
| Average salary | $70,300 | $69,700 |
| Total limited payroll for following year | $40,044,700 | $41,477,900 |
| Average limited salary | $69,300 | $68,600 |
| Average age | 47.7 | 47.5 |
| Average hire service | 13.5 | 13.4 |
| **Designated members** | | |
| Number | 56 | 61 |
| Total payroll for following year[2] | $16,395,100 | $17,585,800 |
| Average salary | $292,800 | $288,300 |
| Total limited payroll for following year | $6,761,200 | $7,204,600 |
| Average limited salary | $120,700 | $118,100 |
| Average age | 52.0 | 51.1 |
| Average hire service | 20.6 | 19.3 |
| **Sun Media option** | | |
| Number | 90 | 101 |
| Total payroll for following year | $5,661,400 | $6,404,600 |
| Average salary | $62,900 | $63,400 |
| Average age | 50.8 | 50.2 |
| Average hire service | 21.9 | 21.3 |

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

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| **Total** | | |
| Number | 828 | 875 |
| Total payroll for following year | $69,590,700 | $73,283,900 |
| Average salary | $84,000 | $83,800 |
| Total limited payroll for following year | $59,259,700 | $62,062,600 |
| Average limited salary | $71,600 | $70,900 |
| Average age | 48.0 | 47.7 |
| Average hire service | 14.9 | 14.7 |
| **Retirees and Beneficiaries** | | |
| Number | 439 | 411 |
| Total annual pensions | $3,383,700 | $3,044,200 |
| Average annual pension | $7,700 | $7,400 |
| Total annual temporary pensions | $113,100 | $117,900 |
| Average age | 71.3 | 71.2 |
| **Suspended members** | | |
| Number[3] | 75 | 114 |
| Total annual pensions | $508,900 | $704,300 |
| Average annual pension | $6,800 | $6,200 |
| Average age | 51.8 | 50.7 |
| **Terminated vested members** | | |
| Number | 386 | 357 |
| Total annual pensions | $1,589,800 | $1,515,600 |
| Average annual pension | $4,100 | $4,200 |
| Average age | 50.5 | 50.3 |

1 *Including the following disabled members' payroll as at December 31, 2009:*
- *> Non-contributory members: $222,900*
- *> Contributory members: $558,200*
- *> Designated members: $81,200*
- *> Sun Media option: $1,001,500*

2 *Including bonuses paid to designated members.*

3 *Including 25 employees transferred to the group RRSP with a deferred pension payable from the plan (28 as at December 31, 2008).*

**Table D.2 – Changes in Plan membership**

| | Active members | Suspended members | Terminated vested members | Retirees and Beneficiaries | Awaiting payments | Total |
|---|---|---|---|---|---|---|
| Members as at December 31, 2008 | 875 | 114 | 357 | 411 | 2 | 1759 |
| New participants | 71 | — | — | — | — | 71 |
| Data adjustments | — | — | 2 | — | — | 2 |
| Retirements | (15) | (4) | (19) | 39 | — | 1 |
| Terminations: | | | | | | |
| > Deferred pensions | (46) | (29) | 75 | — | — | — |
| > Transfer or lump sum | (57) | (6) | (29) | — | (2) | (94) |
| Deaths: | | | | | | |
| > With no death benefit | — | — | — | (6) | — | (6) |
| > Transfer or lump sum | — | — | — | (4) | — | (4) |
| > Survivor pension | — | — | — | (1) | — | (1) |
| Members as at December 31, 2009 | 828 | 75 | 386 | 439 | — | 1728 |

### Table D.3 – Non contributory option

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

| Year of service | | Age | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **29 and -** | **30-34** | **35-39** | **40-44** | **45-49** | **50-54** | **55-59** | **60-64** | **65 and +** | **Total** |
| **0-4** | **Number** | 7 | 7 | 9 | | 1 | 3 | 2 | 1 | 1 | 31 |
| | **Tot. Sal.** | 302 329 | 350 862 | 594 878 | | | 336 387 | 70 871 | | | 1 752 628 |
| | **Avg. Sal.** | 43 190 | 50 123 | 66 098 | | | 112 129 | 35 435 | | | 56 536 |
| **5-9** | **Number** | 1 | 7 | 2 | 3 | 2 | 1 | | 1 | | 17 |
| | **Tot. Sal.** | | 407 469 | 93 745 | 223 269 | 155 692 | | | | | 1 006 339 |
| | **Avg. Sal.** | | 58 210 | 46 873 | 74 423 | 77 846 | | | | | 59 196 |
| **10-14** | **Number** | | 1 | 3 | 5 | 3 | 2 | 3 | | 1 | 18 |
| | **Tot. Sal.** | | | 173 703 | 266 079 | 325 266 | 57 616 | 251 984 | | | 1 245 044 |
| | **Avg. Sal.** | | | 57 901 | 53 216 | 108 422 | 28 808 | 83 995 | | | 69 169 |
| **15-19** | **Number** | | | | 2 | 2 | 3 | 1 | | | 8 |
| | **Tot. Sal.** | | | | 161 512 | 136 787 | 196 455 | | | | 580 467 |
| | **Avg. Sal.** | | | | 80 756 | 68 394 | 65 485 | | | | 72 558 |
| **20-24** | **Number** | | | | 1 | 5 | 2 | | 1 | 2 | 11 |
| | **Tot. Sal.** | | | | | 421 472 | 166 823 | | | 238 300 | 932 838 |
| | **Avg. Sal.** | | | | | 84 294 | 83 412 | | | 119 150 | 84 803 |
| **25 et +** | **Number** | | | | | 3 | 6 | 6 | 3 | 1 | 19 |
| | **Tot. Sal.** | | | | | 275 379 | 476 992 | 368 496 | 235 580 | | 1 400 979 |
| | **Avg. Sal.** | | | | | 91 793 | 79 499 | 61 416 | 78 527 | | 73 736 |
| **Total** | **Number** | **8** | **15** | **14** | **11** | **16** | **17** | **12** | **6** | **5** | **104** |
| | **Tot. Sal.** | **341 928** | **793 405** | **862 326** | **721 268** | **1 345 961** | **1 295 172** | **777 063** | **336 083** | **445 090** | **6 918 295** |
| | **Avg. Sal.** | **42 741** | **52 894** | **61 595** | **65 570** | **84 123** | **76 187** | **64 755** | **56 014** | **89 018** | **66 522** |

*Average age : 44.8*

*Average number of years of service : 13.5*

***Notes:***

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

## Table D.4 – Contributory option

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

| Year of service | | Age | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 29 and - | 30-34 | 35-39 | 40-44 | 45-49 | 50-54 | 55-59 | 60-64 | 65 and + | Total |
| **0-4** | **Number** | 13 | 34 | 22 | 26 | 25 | 35 | 10 | 5 | | 170 |
| | **Tot. Sal.** | 562 798 | 2 141 329 | 1 296 006 | 1 731 207 | 2 026 554 | 2 845 500 | 771 060 | 360 837 | | 11 735 290 |
| | **Avg. Sal.** | 43 292 | 62 980 | 58 909 | 66 585 | 81 062 | 81 300 | 77 106 | 72 167 | | 69 031 |
| **5-9** | **Number** | 2 | 15 | 19 | 15 | 16 | 12 | 16 | 2 | 3 | 100 |
| | **Tot. Sal.** | 63 892 | 891 028 | 1 224 956 | 1 146 695 | 954 424 | 596 409 | 932 902 | 139 344 | 184 690 | 6 134 339 |
| | **Avg. Sal.** | 31 946 | 59 402 | 64 471 | 76 446 | 59 652 | 49 701 | 58 306 | 69 672 | 61 563 | 61 343 |
| **10-14** | **Number** | | 4 | 7 | 10 | 12 | 17 | 10 | 4 | 2 | 66 |
| | **Tot. Sal.** | | 263 676 | 425 822 | 681 311 | 927 337 | 1 111 383 | 887 674 | 156 342 | 240 893 | 4 694 440 |
| | **Avg. Sal.** | | 65 919 | 60 832 | 68 131 | 77 278 | 65 375 | 88 767 | 39 086 | 120 447 | 71 128 |
| **15-19** | **Number** | | | 2 | 11 | 12 | 21 | 13 | 1 | | 60 |
| | **Tot. Sal.** | | | 140 338 | 735 648 | 822 463 | 1 543 625 | 755 341 | | | 4 070 866 |
| | **Avg. Sal.** | | | 70 169 | 66 877 | 68 539 | 73 506 | 58 103 | | | 67 848 |
| **20-24** | **Number** | | | 1 | 6 | 23 | 21 | 11 | 11 | 2 | 75 |
| | **Tot. Sal.** | | | | 461 128 | 1 844 005 | 1 581 441 | 891 433 | 672 308 | 189 753 | 5 670 895 |
| | **Avg. Sal.** | | | | 76 855 | 80 174 | 75 307 | 81 039 | 61 119 | 94 876 | 75 612 |
| **25,et,+** | **Number** | | | | 4 | 14 | 35 | 34 | 20 | | 107 |
| | **Tot. Sal.** | | | | 229 830 | 757 606 | 2 726 851 | 3 012 336 | 1 583 425 | | 8 310 048 |
| | **Avg. Sal.** | | | | 57 457 | 54 115 | 77 910 | 88 598 | 79 171 | | 77 664 |
| **Total** | **Number** | **15** | **53** | **51** | **72** | **102** | **141** | **94** | **43** | **7** | **578** |
| | **Tot. Sal.** | **626 690** | **3 296 034** | **3 117 948** | **4 985 819** | **7 332 390** | **10 405 209** | **7 250 746** | **2 985 708** | **615 336** | **40 615 878** |
| | **Avg. Sal.** | **41 779** | **62 189** | **61 136** | **69 247** | **71 886** | **73 796** | **77 136** | **69 435** | **87 905** | **70 270** |

*Average age* : *47.7*

*Average number of years of service* : *13.5*

***Notes:***

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

**Table D.5 – Sun Media option**

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

| Year of service | | Age | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 29 & - | 30-34 | 35-39 | 40-44 | 45-49 | 50-54 | 55-59 | 60-64 | 65 & + | Total |
| **0-4** | **Number** | | | | | | | 1 | 1 | | **2** |
| | **Tot. Sal.** | | | | | | | | | | **58,227** |
| | **Avg. Sal.** | | | | | | | | | | **29,114** |
| **5-9** | **Number** | | 1 | | 1 | 2 | | | | | **4** |
| | **Tot. Sal.** | | | | | 89,950 | | | | | **149,055** |
| | **Avg. Sal.** | | | | | 44,975 | | | | | **37,264** |
| **10-14** | **Number** | | | 1 | 5 | 8 | 13 | 3 | 2 | | **32** |
| | **Tot. Sal.** | | | | 289,695 | 501,009 | 755,986 | 226,948 | 146,534 | | **1,960,525** |
| | **Avg. Sal.** | | | | 57,939 | 62,626 | 58,153 | 75,649 | 73,267 | | **61,266** |
| **15-19** | **Number** | | | | 5 | 13 | 8 | 4 | | | **30** |
| | **Tot. Sal.** | | | | 320,393 | 838,578 | 520,114 | 207,309 | | | **1,886,393** |
| | **Avg. Sal.** | | | | 64,079 | 64,506 | 65,014 | 51,827 | | | **62,880** |
| **20-24** | **Number** | | | | | 4 | 4 | 4 | 1 | | **13** |
| | **Tot. Sal.** | | | | | 294,413 | 404,714 | 246,033 | | | **1,001,059** |
| | **Avg. Sal.** | | | | | 73,603 | 101,178 | 61,508 | | | **77,005** |
| **25 et +** | **Number** | | | | | | 3 | 2 | 2 | 2 | **9** |
| | **Tot. Sal.** | | | | | | 203,873 | 163,998 | 152,039 | 86,205 | **606,115** |
| | **Avg. Sal.** | | | | | | 67,958 | 81,999 | 76,020 | 43,102 | **67,346** |
| **Total** | **Number** | | **1** | **1** | **11** | **27** | **28** | **14** | **6** | **2** | **90** |
| | **Tot. Sal.** | | | | **632,292** | **1,723,951** | **1,884,686** | **873,401** | **383,586** | **86,205** | **5,661,375** |
| | **Avg. Sal.** | | | | **57,481** | **63,850** | **67,310** | **62,386** | **63,931** | **43,102** | **62,904** |

*Average age* : *50.8*

*Average number of years of service* : *21.9*

Notes:

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

# 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 December 31 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.

# Appendix F – Employer Confirmation Certificate

With respect to the actuarial valuation report of the Pension Plan for Non-Unionized Employees of Quebecor Media Inc. and its Participating Subsidiaries as at December 31, 2009, we hereby confirm that to the best of our knowledge:

- the data regarding Plan members and beneficiaries provided by Morneau Sobeco constitutes a complete and accurate description of the information contained in our files;
- copies of the official text of the Plan and all amendments to date were provided to Morneau Sobeco;
- there are no subsequent events nor any extraordinary changes to the membership other that those listed in the December 31, 2009 actuarial report on the Plan, which would materially affect the results.

**Quebecor Media Inc.**

____________________________________

*Signature*

BENOÎT DESMARAIS

*Name (printed)*

Director - Pension and Benefits

*Title*

____________________________________

*Date*