

**OSPREY PENSION PLAN**  
**REPORT ON THE ACTUARIAL VALUATION AS AT DECEMBER 31, 2006**

**EXECUTIVE SUMMARY**

**PURPOSE**

At the request of Osprey Media LP (the "Employer"), we have prepared this report, which presents the results of an actuarial valuation performed on the Osprey Pension Plan (the "Plan"), as at December 31, 2006. The purposes of this valuation are:

- (i) to determine the funded position of the Plan on both a going concern basis and a solvency basis as at December 31, 2006;
- (ii) to establish the Employer's contribution requirements in each Plan year until the next actuarial valuation; and
- (iii) to provide information required for the administration of the Plan.

This report outlines the evolution of the Plan's financial situation since the previous valuation at December 31, 2003, and is designed to be filed with the Financial Services Commission of Ontario ("FSCO") and with the Canada Revenue Agency ("CRA"), to be used by the Employer to support its funding payments (if any) and to maintain Plan registration under both the Pension Benefits Standards Act (Ontario) and Regulations thereunder (the "Act") and the Income Tax Act (Canada) and Regulations thereunder (the "Income Tax Act").

The intended users of the report are Osprey Media LP, the FSCO and the CRA. Once this report has been filed with FSCO and CRA, the Employer may be required by law to make it available to certain parties, who are not intended users of this report. This report should not be used for other purposes other than those listed above, distributed to persons other than the intended users or relied upon by any other person without prior written consent of Watson Wyatt Canada ULC.

**BACKGROUND**

The Plan was created effective July 31, 2001 as part of a transaction between the Employer and Hollinger International Inc, XSTM Holdings (2000) Inc., Hollinger Canadian Newspapers, Limited Partnership and Hollinger Canadian Operating Company (hereinafter collectively referred to as "Hollinger"). This transaction required certain assets and liabilities to be transferred from three different pension plans sponsored by Hollinger, specifically:

- (a) The Hollinger Canadian Publishing Holdings Co. Retirement Plan the Hollinger Canadian Operating Company Retirement Plan (the "Hollinger Southam Plan")

- (b) The Hollinger Canadian Publishing Holdings Co. Pension Plan for the Employees of Newspapers Formerly Owned by Thomson Newspapers (the "Hollinger Thomson Plan"); and
- (c) The Sterling newspapers Company Pension Plan for Employees of Newspapers Formerly Owned by Thomson Newspapers (the "Hollinger Sterling Plan").

Part of this initial transaction required additional assets and liabilities to be transferred from the Hollinger Thomson Plan effective November 30, 2001, the date additional employees came from Hollinger to the Employer and joined the Plan.

On February 14, 2003, the Employer entered into a transaction with CanWest Media Inc. ("CanWest"). This transaction saw 232 employees transfer to the Employer and required the transfer of certain assets and liabilities from two pension plans sponsored by CanWest to the Plan.

On June 5, 2003, the Employer entered into a further transaction with Metroland Printing, Publishing & Distributing Ltd. ("Metroland"). This transaction saw 55 employees transfer to the Employer and 34 employees transfer from the Employer to Metroland. Unlike the previous two transactions, this transaction did not require the transfer of assets and liabilities. Instead, accrued benefits and assets remain the obligation of the exporting company.

A transfer of assets in respect of the liabilities transferred from the Hollinger Southam Plan took place in September, 2003. Within the context of the OSPREY PENSION PLAN, these members participate under Division 1.

A transfer of assets in respect of liabilities transferred from the Hollinger Thomson took place in July, 2007. Within the context of the OSPREY PENSION PLAN, these members participate under Division 2.

The asset transfer report for members who were participating in the Hollinger Sterling Plan has been filed with the FSCO. We are still awaiting approval for this asset transfer.

We have received and reviewed one of the asset transfer reports in respect of liabilities transferred from the CanWest Plans. We have confirmed the figures in the report to ACS Buck Consultants, the actuaries for the Canwest plans. We understand that, at the time of this report, this asset transfer report has still not been filed with FSCO. We recently received the second asset transfer report in respect of liabilities transferred from the Canwest Plans, and are currently reviewing it.

At the time of the last valuation, we received direction from FSCO that assets and liabilities in respect of service with a former employer (i.e. prior to being transferred to Osprey) should **not** be included in our funding valuation until the assets have been transferred to the Plan. Therefore, in the last valuation, prior service assets and liabilities were only included for those members who formerly participated in the Hollinger Southam Plan.

For this valuation, we have also included prior service assets and liabilities for members coming from the Hollinger Thomson Plan. The actual transfer of assets from the Hollinger Thomson Plan took place on July 31, 2007, seven months after the valuation date. For purposes of the valuation, we have used the market value of the assets to be transferred as at December 31, 2006.

No prior service assets or liabilities have been included in this valuation in respect of members who formerly participated in the Hollinger Sterling Plan or the Canwest Plans. These assets and liabilities will be included once the assets have been approved for transfer. We remain hopeful that permission for these asset transfers will ultimately be granted by the FSCO.