

Chou Funds
Independent Review Committee
Annual Report to Unitholders 2007

1. Members of the Independent Review Committee

Name	Occupation	Length of Service on the I.R.C.
Sandford Borins	Professor, University of Toronto	first year
Bruce Kerr, Chair	Retired school administrator	first year
Joe Tortolano	Retired Bell Canada Employee	first year

- a) No member of the I.R.C. is a member of an I.R.C. for any other mutual fund.
- b) The members of the I.R.C., in the aggregate, beneficially own, directly or indirectly, less than 1% of the fund. None holds any ownership in the fund manager, Chou Associates Management Inc. or in any person or company that provides services to the investment fund or manager.
- c) All members listed above were appointed to the newly constituted I.R.C. on October 29, 2007 and there has been no change in the composition of the I.R.C. since that date.

2. Compensation paid to the members of the Independent Review Committee

- a) In the aggregate the compensation paid to the members of the IRC for the year 2007 was \$ 27,400.00. There were no indemnities paid to any member during that period.
- b) In addition to compensation, expenses involved in operating the I.R.C. totalled \$ 3,305.06 for 2007.
- c) National Instrument 81-107 gives the I.R.C. members the responsibility for setting their own level of compensation after taking into consideration the recommendation of the fund manager. The manager recommended an annual retainer, plus a set fee for each meeting. The committee accepted the manager's proposal, but made two amendments. The Chair will receive a larger annual retainer in recognition of the extra work involved in fulfilling that mandate. Any new member in the future will also receive a small retainer to compensate for the time required to become familiar with the appropriate legislation and the previous work of the committee.
- d) At the date of this report the Chair of the I.R.C. receives an annual retainer of \$8,000 plus \$1,000 per meeting. Other members receive an annual retainer of \$5,000 per year plus \$1,000 per meeting. In addition to this compensation, legal expenses of \$400 were incurred in 2007.

3. Summary of the Findings of the Independent Review Committee

- a) There were no conflicts of interest referred to the committee by the fund manager from the inception of the committee on November 1, 2007 to the end of the reporting year on December 31, 2007.
- b) The Committee is not aware of any instance in which the fund manager acted in a conflict of interest matter.

In accordance with National Instrument 81-107 this report:

- a) should be part of the fund manager's annual report to unitholders;
- b) must be sent by the fund without charge to any unitholder of the fund who requests it;
- c) must be displayed on the fund's web site until the posting of the Independent Review Committee's next annual report;
- d) must be filed with the securities regulators
- e) must be filed on the SEDAR group profile number of the investment fund as a continuous disclosure document.