


PENSION PLAN
FOR ELIGIBLE EMPLOYEES OF
THE BEACON HERALD OF STRATFORD, LIMITED

Plan Effective Date: January 1, 1978

Reissued Effective January 1, 1997



(Signature)

SECRETARY - TREASURER
(Title)

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**PENSION PLAN FOR ELIGIBLE EMPLOYEES OF
THE BEACON HERALD OF STRATFORD, LIMITED**

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Section 1. Primary Purpose and Introduction

- 1.01 This document constitutes the Pension Plan for Eligible Employees of The Beacon Herald of Stratford, Limited. The primary purpose of the Plan is to provide lifetime retirement benefits for eligible employees of the Company who are employed on or after the effective date of the Plan for services rendered.
- 1.02 The plan as contained herein shall be applicable to Members who are in the employment of the Company on or after January 1, 1997; benefits in respect of a Member whose employment ceased prior to January 1, 1997 shall be determined in accordance with the terms of the Plan at the time of such cessation of employment, except as may be specifically provided herein.
- 1.03 The Company expects that the Plan shall meet the requirements of the Applicable Pension Laws and the Revenue Rules and the continued registration of the Plan under both Applicable Pension Laws and the Income Tax Act of Canada is a precondition for the Plan to become and remain operative.
- 1.04 Originally, the Company established a pension plan for all eligible employees of The Beacon Herald of Stratford, Limited effective July 1, 1971. The plan was funded in part by guaranteed annuities purchased from Mutual Life. The current plan was effective January 1, 1978 with guaranteed annuity benefits under the prior plan remaining with Mutual Life on a paid-up basis. Since that time, the plan has been re-written and amended several times, improving benefits for members.

Effective January 1, 1989, the plan was re-written to comply with the provisions of the Pension Benefits Act, 1987 of Ontario.

Effective January 1, 1992, the Plan was amended to improve benefits so that benefits in respect of all pre-1991 service would be based on the 1990 earnings or contribution levels, as applicable. In no case were benefits for any pre-1991 year reduced as a result of this amendment. In addition, ad hoc pension increases to existing pensioners were granted effective January 1, 1992.

Effective January 1, 1992, the Plan has been reissued to add the necessary provisions in order to bring the plan into compliance with changes to Federal Legislation.

Effective January 1, 1995, the Plan was amended to improve benefits so that benefits in respect of all pre-1995 service would be based on the 1994 earnings or contributions levels, as applicable. In no case were benefits for any pre-1995 year reduced as a result of this amendment. In addition, ad hoc pension increases to existing pensioners were granted effective January 1, 1995.

Effective January 1, 1997, the provisions of the Plan were amended and restated to:

- a. include all amendments prior to January 1, 1997,
- b. include all current applicable Federal and Provincial legislation,
- c. change the plan formula to a 2% career average - updated to the average of members 1994 through 1996 earnings for service prior to 1997,
- d. to provide for an ad hoc pension increase - for pensioners who were retired on January 1, 1997, their pensions are increased effective July 1, 1997 at the rate of 0.1% for each month retired to a maximum increase of 5%.

Section 2. Interpretation and Definitions

Interpretation

- 2.01 The masculine pronoun wherever used herein shall include the feminine pronoun where applicable, and the singular shall include the plural and vice versa, as the context shall require. References to a paragraph or Section mean a paragraph or Section in the Plan.
- 2.02 The Plan and all the rights and obligations hereunder shall be construed, governed and administered in accordance with the laws of the Province of Ontario, except for those rights and obligations which are solely within the jurisdiction of Canada or another province.
- 2.03 All monetary references in the Plan are to be construed as being expressed in terms of lawful currency of Canada.

Definitions

- 2.04 In this Plan, the following terms shall, unless the context clearly indicates otherwise, have the following meanings:
- 2.05 **Actuarial(ly) Equivalent** means a benefit of equivalent value but of different form of payment to a specified benefit, as determined on a basis of calculation adopted by the Company on the advice of the Actuary and in effect on the date such determination is being made. The Actuarial Equivalent of all pension benefits shall be calculated on a unisex basis (without taking the member's sex into account). Such determinations shall use reasonable assumptions which are acceptable under the Income Tax Act and shall be done in accordance with generally accepted actuarial principles.
- 2.06 **Actuary** means an individual from time to time appointed by the Company to carry out actuarial valuations and provide such actuarial advice and services as may be required from time to time for the purposes of the Plan. The Actuary shall at all times be a person who is a Fellow of the Canadian Institute of Actuaries.
- 2.07 **Anniversary Date** means January 1 in each year from and including January 1, 1987.
- 2.08 **Applicable Pension Laws** means the Pension Benefits Act of the Province of Ontario and any regulation pursuant thereto and any amendments or substitutes therefor as well as any similar statute applicable to the Plan and any regulation pursuant thereto adopted by the federal or any provincial government.
- 2.09 **Beneficiary** means that person last designated by the Member to receive any benefit under the Plan payable to a beneficiary in the event of the death of the Member according to the provisions of Section 13.07 or in the absence of an effective designation of a beneficiary, the estate of the member.

- 2.10 Board** means the Board of Directors of the Company (the group of persons chosen in accordance with the Law to direct the affairs of the Company).
- 2.11 Company** means The Beacon Herald of Stratford, Limited.
- 2.12 Continuous Service** means the service of a Member as defined in Section 4.01, used to determine eligibility for benefits.
- 2.13 Credited Service** means the service of a member as defined in Sections 4.02 and 4.03, used to determine the amount of benefits for which a Member is eligible.
- 2.14 Date of Determination** means the date as of which a benefit is to be calculated under the Plan, as specified in each relevant section, and being one of:
- (a) a Member's Retirement Date,
 - (b) a Member's date of termination of employment,
 - (c) a Member's date of death, or
 - (d) the date of amendment or discontinuance of the Plan or the date of consolidation or merger of the Plan with another plan.
- 2.15 Disability** means a physical or medical impairment that prevents an individual from performing the duties of employment in which the individual was engaged before the commencement of the impairment.
- 2.16 Early Retirement Date** means the date specified in Section 7.02.
- 2.17 (a) Earnings** means the total of salary and wages including vacation pay, shift premium and other remuneration for services exclusive of overtime, taxable benefits, payments under incentive plans, reimbursement for expenses, bonuses, holiday premium pay, and any other special payments or indemnities, received from and determined by the Company; or, where a Member is receiving benefits from the Company's disability plan, the Member's annual rate of remuneration immediately prior to his date of disability. In the case of a part-time employee, earnings shall be annualized for the purposes of determining the Member's pension. Furthermore, Earnings shall be limited to prescribed compensation for periods of reduced pay due to approved leaves of absences as defined pursuant to Regulation 8507 of the Income Tax Act.
- (b) Highest Average Compensation** means the member's highest average compensation (based on his highest three years' compensation) indexed to the year of commencement as determined in accordance with Section 8504(2) of the Income Tax Regulations.
- 2.18 Effective Date** means January 1, 1978.
- 2.19 Employee** means a person who is in regular employment with the Company.

- 2.20 **Excess Contributions** means the excess, if any, of the portion of a Member's Required Contributions with Interest over 50% of the value of the deferred retirement benefit in respect of post-1986 service.
- 2.21 **Fund** means the fund established for the purpose of the Plan as set forth herein and established in accordance with the terms and provisions of the Funding Agreement, to which all contributions to the Plan shall be made and from which expenses and all benefits under the Plan shall be payable.
- 2.22 **Funding Agency** means a trust and/or insurance company authorized to carry on such business in Canada and/or any group of individual trustees as eligible under Applicable Pension Laws designated by the Company and holding the whole or a portion of the assets of the Fund at any time pursuant to the terms of a Funding Agreement.
- 2.23 **Funding Agreement** means any trust deed or agreement pertaining to the custody and investment of the Fund and executed from time to time between the Company and Funding Agency, including any insurance or annuity contracts issued by a Funding Agency and including any amendments which are from time to time made to any such documents.
- 2.24 **Future Service Pension** means the lifetime pension as defined in Section 8.02 in respect of Credited Service on or after July 1, 1971.
- 2.25 **Income Tax Act** means the Income Tax Act, Statutes of Canada, 1985 and any applicable provincial Income Tax Act, as amended from time to time, together with any relevant regulations and administrative rules made thereunder from time to time.
- 2.26 **Interest** means the amount of money credited to Required and Voluntary Contributions in accordance with Section 6.
- 2.27 **Joint Annuitant** means a person who is a spouse, former spouse or dependent child designated as such in an election made under Section 11.
- 2.28 **Member** means an Employee who has joined the Plan in accordance with Section 3.
- Senior Executive Member** means a Member who has been designated by the Company as a Senior Executive Employee.
- 2.29 **Normal Retirement Date** means the date specified in Section 7.01.
- 2.30 **Past Service Pension** means the lifetime pension as defined in Section 8.01 in respect of Credited Service prior to July 1, 1971.
- 2.31 **Pension Adjustment** means the pension adjustment as determined in accordance with Section 248(1) of the Income Tax Act, Section 8301(6) of the Regulations of the Income Tax Act and subject to Section 10.04 of the Plan.

- 2.32 Plan** means the Pension Plan for Eligible Employees of The Beacon Herald of Stratford, Limited as set forth in this document and includes any amendments which are from time to time made hereto.
- 2.33 Plan Year** means the period between consecutive Plan Anniversary Dates.
- 2.34 Postponed Retirement Date** means the date specified in Section 7.03.
- 2.35 Prior Plan** means the Company's previous plan with Mutual Life which was in effect prior to January 1, 1978.
- 2.36 Reciprocal Agreement** means a written agreement whereby the Company and a previous or future employer of a Member agree that all or an identified portion of service with the earlier employer will be recognized as pensionable service with the subsequent employer to the extent and subject to the conditions specified in the agreement, Applicable Pension Laws and Revenue Rules.
- 2.37 Required Contributions** means the contributions the Member was required to make to the Plan in accordance with Sections 5.01, 5.02 or 5.03.
- 2.38 Retirement Date** means the Early, Normal or Postponed Retirement Date on which a Member actually retires or is deemed to retire.
- 2.39 Revenue Rules** means the provisions of the Income Tax Act and the rules and regulations adopted from time to time by the Minister of National Revenue pertaining to registered employees' pension plans or funds under the Income Tax Act as they are applicable to the Plan.
- 2.40 Spouse** means the person of the opposite sex who, at the earlier of the commencement of a Member's pension and the date of the Member's death, meets one of the following eligibility requirements:
- (a) the person is the lawfully wedded spouse of the Member, provided they are not living separate and apart; or
 - (b) where there is no individual under (a) above, the person who has resided in a conjugal relationship with such Member as the Member's spouse for a continuous period of three years or more, or
 - (c) where there is no individual under (a) or (b) above, the person who has resided in a conjugal relationship of some permanence with such Member and who is the natural or adoptive parent of a natural or adoptive child of the Member.

The relationship between a Member and his common-law spouse for the purposes of the plan commences on the day the Company receives a declaration in the form prescribed by the applicable Pension Laws, declaring that a Member is a party to a common-law relationship with another person identified in the declaration and ending on the day the Member notifies the Company in writing that the declaration is revoked.

The preceding rules shall apply provided that not more than one person shall be a Spouse hereunder. In the event of more than one person having claims to be such, the determination of the Company as to which person shall be the Spouse, on the basis of evidence available to it and which it considers sufficient for the purposes of such determination, shall be final.

2.41 Voluntary Contributions means the contributions the Member makes in accordance with Section 5.03.

2.42 YMPE means the Year's Maximum Pensionable Earnings established each year under the Canada Pension Plan as amended from time to time.

Section 3. Membership

- 3.01** (a) A full-time Employee shall be eligible to join the Plan upon completion of two years of Continuous Service.
- (b) A part-time employee shall be eligible to join the Plan upon completion of 2 years of service with the Company, provided such employee has met one of the following conditions:
- 1) earned at least 35% of the YMPE in each of the 2 consecutive calendar years immediately prior to joining the Plan, or
 - 2) worked at least 700 hours for the Company in each of the 2 consecutive years immediately prior to joining the Plan.

Where the earnings of a part-time employee, who is a Member of the Plan, fall to less than 35% of the YMPE in any calendar year, such employee must be permitted to continue as a Member of the Plan provided he remains Continuously Employed.

- 3.02** Nothing herein contained shall be deemed to give any Employee the right to be retained in the service of the Company or to interfere with the rights of the Company to discharge or lay off any Employee at any time and to treat such Employee without regard to the effect which such treatment might have upon him as a Member.
- 3.03** Notwithstanding anything to the contrary contained in this Section, the Company may agree to the earlier participation in the Plan of any Employee of the Company in accordance with such other terms and conditions as may be mutually agreed upon between the Company and the Employee.
- 3.04** An eligible Employee may enrol in this Plan on the first day of the month coincident with or immediately following the fulfilment of eligibility requirements.
- 3.05** Upon joining the Plan, the Employee shall complete and sign the enrolment form provided by the Company, thereby authorizing the deduction of Required Contributions from his Earnings, if applicable, and designating a Spouse and/or a Beneficiary.
- 3.06** While a Member remains in employment with the Company he may not discontinue his active membership in the Plan nor withdraw any contributions from the Plan, except if so permitted upon discontinuance of the Plan.

Section 4. Service

4.01 Continuous Service

- (a) Continuous Service means the period of uninterrupted, regular employment of a Member with the Company, beginning with the date on which the Member was last employed by the Company or any predecessor corporation or division acquired by the Company or any other participating employer and ending on the earliest of:
- (i) the date that the Member ceased to be employed by the Company or any other corporation associated with the Company,
 - (ii) the Member's death,
 - (iii) the Member's Retirement Date, and
 - (iv) the discontinuance of the Plan without immediate substitution of a successor employees' pension plan.
- (b) The following shall not constitute interruption of employment:
- (i) authorized sick or accident leave, to a maximum of 2 years;
 - (ii) authorized leave of absence of a Member, to a maximum of 2 years;
 - (iii) any period of Disability during which a Member is receiving weekly income disability insurance benefits;
 - (iv) injury covered by Worker's Compensation Board of up to 12 months.
- (c) For the purpose of determining Credited Service with respect to a Part-Time Employee, the portion of Continuous Service to be credited to the Member each year shall be the length of time actually worked in a Plan Year as a Part-Time Employee, divided by the standard length of time worked by a Full-Time Employee, as determined by the Company.

4.02 Credited Service

Credited Service means years and nearest months of Continuous Service as a Member.

Notwithstanding the foregoing, where an Employee was a member prior to January 1, 1987, Credited Service shall accrue from the earlier of the date the Member joined the plan or the date the Member had completed 2 years of service and attained age 30.

4.03 Exclusions from Credited Service

Notwithstanding the provisions of Section 4.02, Credited Service shall not include:

- (a) any period of Continuous Service while the Member was not an Employee;
- (b) any period of active membership of any other pension plan of the Company or any

other company associated with the Company for which a benefit is credited under such other pension plan, except as provided in the Plan;

- (c) periods of unpaid leaves of absences for connected Persons.

4.04 Transfer Out

The transfer of a Member to a category of employment not eligible for participation in the Plan or the transfer of a Member to a company which is associated with the Company which does not itself participate in the Plan, shall not constitute a termination of employment for the purposes of Section 14. In the event of such transfer, the Member's

- (a) Continuous Service shall include all periods of uninterrupted, regular employment of the Member while the Member remains in the employment of the Company or an associated company, to a maximum of 3 years; and
- (b) Credited Service shall exclude those periods of his employment with the Company or an associated company while the Member was not eligible to participate in the Plan.

4.05 Transfer In - General

In the event of the transfer of a person employed by the Company or a company associated with the Company to a category of employment eligible for participation in the Plan, such person's

- (a) Continuous Service shall not include all periods of his regular employment with the company associated with the Company prior to becoming eligible for participation in the Plan. Furthermore, the phrase "Continuous Service after becoming a Member" shall include only Continuous Service while an employee of the Company and shall not include Continuous Service with the associated company; and
- (b) Credited Service shall exclude all periods of his employment with the associated company prior to becoming a Member, except that where there has been a transfer of funds in accordance with Section 16, the member's eligible service under the associated company's pension plan shall be included in his Credited Service under this Plan.

4.06 Re-Employment

In the event that an Employee terminates employment other than by retirement, and is subsequently re-employed with the Company, the Employee's periods of Continuous Service shall be treated separately, and the second period shall be considered to start from the date of the said subsequent re-employment for the purposes of the Plan.

Section 5. Member Contributions

5.01 Required Contributions

Senior Executives

No Member Contributions are required.

Others

Each Member shall be required to contribute 4.5% of the member's earnings for each year of Credited Service.

Such contributions shall be subject to a maximum of the amount which may be claimed as tax deductible contributions to a registered pension plan under Revenue Rules.

With respect to post-1990 service, Member Required Contributions must not exceed the lesser of:

- (i) 9% of the member's compensation for the period and
- (ii) \$1,000 plus 70% of the member's Pension Adjustment for the period.

5.02 Contributions During Postponed Retirement Period

Any Member who postpones his retirement shall continue making required contributions to the Plan.

5.03 Voluntary Contributions

Members are not permitted to make Voluntary Contributions in respect of current service.

Section 6. Interest Credits

6.01 Crediting of Interest

Prior to January 1, 1989

Interest shall be credited in accordance with the terms of the Plan in effect prior to January 1, 1989 and subject to Applicable Pension Laws.

On or after January 1, 1989

Interest shall be credited on Required Contributions from the first of the month following the date on which such contributions are made to the Plan. Interest shall be compounded annually at the end of each Plan Year, with further proportionate interest up to the first day of the month in which the payment falls due or up to the Member's Retirement Date, whichever shall first occur.

6.02 Interest Rate on Required Contributions

The rate of Interest credited to accumulated Required Contributions at the end of each Plan Year shall be:

Prior to January 1, 1987:

Interest shall be credited in accordance with the terms of the Plan in effect prior to January 1, 1989 and subject to Applicable Pension Laws.

On or after January 1, 1987:

Interest shall be credited at a rate equal to the average yield on 5 year term deposits as published in the Bank of Canada Review (CANSIM Series B14045).

6.03 The rate of Interest credited to accumulated Required Contributions for the partial year in which payment falls due shall be the rates specified in Section 6.02.

Section 7. Retirement Dates

7.01 Normal Retirement

The Normal Retirement Date of a Member is the first day of the month immediately following his attainment of age 65.

7.02 Early Retirement

A Member may retire on the first day of any month following the Member having attained age 55. The date of the Member's retirement in accordance with this Section shall be his Early Retirement Date.

7.03 Postponed Retirement

A Member may, with the consent of the Company, continue in the employ of the Company beyond Normal Retirement Date but, in any event, the Member shall retire or be deemed to have retired for the purposes of the Plan, not later than the end of the calendar year in which the individual attains 69 years of age, or such other time as is acceptable under the Income Tax Act of Canada and its Regulations. The date of the Member's actual or deemed retirement in accordance with this Section shall be his Postponed Retirement Date.

Section 8. Retirement Income Formula

8.01 Past Service Pension

Subject to Section 10, the annual amount of Past Service Pension of a Member as of any Date of Determination, shall be 2.00% of the Member's Average Earnings for the 1994, 1995 and 1996 Calendar years for each year of Credited Service prior to July 1, 1971.

8.02 Future Service Pension

Subject to Section 10, the annual amount of Future Service Pension of a Member as of any Date of Determination, shall be:

The sum of:

- (a) an annual pension equal to 2.00% of the Member's Average Earnings for the 1994, 1995 and 1996 Calendar years for each year of Credited Service from July 1, 1971 to January 1, 1997, and
- (b) an annual pension equal to 2.00% of the Member's Earnings for each year of Credited Service from January 1, 1997.

8.03 Members Whose Designation Changes

Where a Member's designation (Senior Executive Member or Other Member) changes throughout his period of Credited Service, benefits for each year of Credited Service shall be calculated based on his designation at his Date of Determination, except that in no case shall his pension in respect of years prior to the change in his designation be reduced.

Section 9. Amount of Retirement Income

9.01 Normal Retirement Pension

A Member who retires on his Normal Retirement Date shall receive an amount of retirement income comprised of the Member's Past Service Pension and the Member's Future Service Pension, each calculated using the Member's Normal Retirement Date as his Date of Determination.

9.02 Early Retirement Pension

A Member who retires on an Early Retirement Date shall receive an amount of retirement income which is the following amounts reduced by $\frac{1}{2}\%$ for each month by which the Member's Early Retirement Date precedes his Normal Retirement Date;

- (a) the Member's Past Service Pension calculated using the Member's Early Retirement Date as his Date of Determination, and
- (b) the Member's Future Service Pension calculated using the Member's Early Retirement Date as his Date of Determination.

Notwithstanding the above, where the actuarial equivalent is payable at early retirement date, the actuarial equivalent reduction factor shall not be less than the minimum reduction factor contained in Regulation 8503(3)(c) of the Income Tax Act.

9.03 Postponed Retirement Pension

A Member who retires on his Postponed Retirement Date shall receive an amount of retirement income comprised of (a) plus (b):

- (a) the Member's Past Service Pension calculated using the Member's Postponed Retirement Date as his Date of Determination, and based on Credited Service up to his Postponed Retirement Date, and
- (b) the Member's Future Service Pension calculated using the Member's Postponed Retirement Date as his Date of Determination, and based on Credited Service up to his Postponed Retirement Date.

9.04 Benefit From Excess Contributions

At Retirement Date, a Member shall also be entitled to any Excess Contributions. The Member may elect that this additional benefit be paid as a lump sum as follows:

- (a) a cash refund;

- (b) a transfer to a registered retirement savings plan in the name of the Member; or
- (c) applied to provide an amount of retirement income under the Plan commencing prior to the end of the calendar year in which the individual attains 69 years of age, or such other time as is acceptable under the Income Tax Act of Canada and its Regulations, in a form in accordance with Revenue Rules, which is the Actuarial Equivalent of such lump sum.

Payment of excess amounts are only allowed where required by provincial authority.

Section 10. Maximum Pension

10.01 In no event shall the total amount of retirement income payable at an annual rate under the Plan or any other pension plan of the Company upon termination of employment, retirement, marriage breakdown, or discontinuance of the Plan, exceed the lesser of (a) and (b) where:

- (a) is 2% of the average of the three highest consecutive years' earnings multiplied by the number of years of Credited Service (with pre-1991 service not exceeding 35 years) which is acceptable for such purposes under the Revenue Rules; and
- (b) is \$1,722.22 multiplied by the number of years of Credited Service which is acceptable for such purposes under the Revenue Rules.

Notwithstanding the above, for connected persons, the 2% formula with respect to post 1990 service is capped to a career average benefit formula, with the member's compensation updated by increases in the average wage, as defined pursuant to Regulation 8504(1)(a)(i).

Furthermore, "\$1,722.22" as it appears in paragraph (b) above will automatically be increased to reflect any increase in the maximum dollar limit imposed by Revenue Canada.

Furthermore, any past service benefits granted on or after June 8, 1990, in respect of service prior to January 1, 1990, will be limited to the maximum benefits allowed pursuant to Regulation 9504(6) of the Income Tax Act.

10.02 In no event shall the actuarial reduction applied on early retirement be less than the reduction set out under Regulation 8503(3)(c) of the Income Tax Act.

10.03 The provisions of Section 10.01 and 10.02 shall not apply to the portion, if any, of retirement income derived from a Member's Voluntary Contributions or Excess Contributions.

10.04 Pension Adjustment Limits

The Pension Adjustment of a Member in a year cannot exceed the lesser of:

- (i) 18% of the Member's Earnings for the year from the Company, and
- (ii) the Money Purchase Limit for the year (as stated in the Income Tax Act).

Section 11. Payment of Retirement Benefits

11.01 Normal Form of Pension

The normal form of retirement income shall be in the form of monthly instalments beginning on the Member's Retirement Date and continuing thereafter during his lifetime with a guarantee that not less than 120 monthly payments shall be made to the Member and the Member's Beneficiary combined.

11.02 Statutory Spousal Pension

Notwithstanding Section 11.01, a Member, including a Member who terminated employment prior to January 1, 1987 who remains entitled to a deferred retirement income who retires with a Spouse and such Spouse has not waived in prescribed form the right to a contingent pension, shall be deemed to receive any retirement income in accordance with Section 11.03.

11.03 Surviving Spouse Option

- (a) Subject to the requirements of Section 11.02, a Member may elect, in lieu of the normal form of retirement income as described in Section 11.01, a surviving spouse option which will provide a reduced annual pension for the Member during his lifetime, and will provide that 60% of such reduced annual pension shall be continued during the life of, and shall be paid to, his Spouse.
- (b) The amount of the Member's reduced annual pension under this option shall be Actuarial Equivalent to the normal form of pension pursuant to Section 11.01.

11.04 Election of Optional Forms

With the approval of the Company and subject to the requirements of Section 11.02, a Member may elect, in lieu of the form of retirement income as described in Sections 11.01 or 11.03, any optional form of retirement income contained in this Section.

Such written election in prescribed form must be filed with the Company prior to the Member's Retirement Date. The retirement income payable under the elected option, shall be the Actuarial Equivalent of the retirement income payable under the form as described in Section 11.01, unless otherwise indicated. Any such option shall involve life contingencies, and any certain period shall not exceed the lesser of 15 years and the period from the Member's Retirement Date to the day before attainment of age 86. Further, no guarantee shall be permitted on the pension to a Joint Annuitant except for the outstanding portion of any guaranteed term relating to the Member.

(a) Life Annuity - Guaranteed Term

A Member may elect to receive retirement income payable during his lifetime, with the provision that should the Member die before receiving payment for the guaranteed term (in complete years only) elected, then either the remainder of the payments shall be paid to the Beneficiary, or the commuted value of the remaining payments shall be paid to the Beneficiary or the Member's estate.

(b) Life Annuity Continuing to Joint Annuitant

A Member may elect to receive retirement income payable during the Member's lifetime, with the provision that on his death after retirement a percentage of such income shall be continued during the life of, and shall be paid to, a specified Joint Annuitant. Such percentage, elected by the Member, shall not exceed 100% nor be less than 50%, and where the joint annuitant is not the spouse, such percentage shall not exceed 66 2/3%.

For the purposes of this section, Joint Annuitant shall mean a Spouse, former Spouse or Dependent where Dependent is defined as a parent, grandparent, brother, sister, child or grandchild of the Member who, at that time, is both dependent on the individual for support and either (i) is under 19 years of age and will not attain 19 years of age in the calendar year that includes that time, or (ii) is in full-time attendance at an educational institution, or (iii) is dependent on the individual my reason of mental or physical infirmity. Benefits payable to a 'dependent' shall cease when he/she no longer qualifies under the survivor period pursuant to Regulation 8500(1) of the Income Tax Act.

11.05 Small Benefits

If any retirement income payments under the Plan are less than 2% of the YMPE at the Date of Determination, the Company may direct the payment of the Actuarial Equivalent in a lump sum to the recipient or that payments be made less frequently than monthly, but not less frequently than annually.

11.06 Disability Pensions

Where prior to the commencement of retirement income a Member establishes, by written statement from a medical doctor licensed to practise under the laws of a province of Canada, that the Member has a life expectancy materially shorter than the life expectancy for the Member's age on the then current Canadian Life Tables, the Company may direct that the Actuarial Equivalent be paid in a lump sum settlement in lieu of any retirement income and other benefits under the Plan.

11.07 Payment of Pensions

Retirement benefits under the plan will be provided:

- (i) by means of annuities purchased from a person licensed or otherwise authorized under the laws of Canada or a province to carry on in Canada an annuities business, or
- (ii) paid on a self-insured basis as acceptable under the Income Tax Act.

Section 12. Vesting

12.01 A Member who dies or whose employment with the Company is terminated prior to his Normal Retirement Date shall receive Termination Benefits in accordance with the following vesting schedule:

For all Members, benefits shall be 100% vested after completion of 2 years of Plan Membership.

Section 13. Death Benefits

13.01 Death Benefits Prior to Normal Retirement Date

- (a) If the death of a Member occurs prior to his Normal Retirement Date, a lump sum benefit is payable equal to:

In respect of service prior to January 1, 1987

The Member's pre-1987 Contributions with interest to the date of death.

In respect of Credited Service on or After January 1, 1987

- (i) If the Member had not completed two years of Plan membership at his date of death, the Member's post-1986 Contributions with interest to the date of death.
- (ii) If the Member had completed two years of Plan membership at his date of death, the Actuarial Equivalent of the Member's Past Service and Future Service Pensions, determined in accordance with Section 9.01 in respect of post-1986 Credited Service and using the Member's date of death as his Date of Determination.
- (b) The lump sum in paragraphs 13.01(a) shall be payable, in order of priority, to
- (i) the Member's Spouse, unless waived in the prescribed form in accordance with Applicable Pension Laws, or
- (ii) the Member's Beneficiary.

If there is any doubt as to the identity of the persons in paragraphs 13.01(b)(i) or (ii) or as to whether such person is the person legally entitled to receive any death benefit hereunder, payment may be withheld by the Company for a reasonable period of time to permit an investigation to be made. Any claimant shall on demand be obliged to produce such proof of identity as may be deemed reasonable in the circumstances by the Company.

- (c) The lump sum in paragraph 13.01(a) shall be paid in one of the following forms:
- (i) lump sum cash payment, or
- (ii) if the claimant is the Member's Spouse, at the Spouse's election, either
- a transfer to a locked-in registered retirement savings plan in the name of the Member's Spouse, or

- the purchase of an immediate life annuity or a deferred life annuity commencing no later than the Spouse's age 65 in a form in accordance with Revenue Rules.

(d) Benefit from Excess Contributions

In the event of the death of a Member prior to Retirement Date, the Spouse or Beneficiary shall also be entitled to any Excess Contributions, if any. This additional benefit shall be paid in one of the following forms:

- (i) lump sum cash payment, or
- (ii) if the claimant is the Member's Spouse, at the Spouse's election, either
 - a transfer to a registered retirement savings plan in the name of the Member's Spouse, or
 - the purchase of an immediate life annuity or a deferred life annuity commencing no later than the Spouse's age 65 in a form in accordance with Revenue Rules.

13.02 Death Benefits After Normal Retirement Date and Before Postponed Retirement Date

- (a) If the death of a Member occurs after Normal Retirement Date, but before the Member's Postponed Retirement Date, for the purpose of determining any death benefit payable hereunder, the Member shall be deemed to have retired on the first day of the month coincident with or immediately preceding the date of the Member's death.
- (b) There shall be paid to the Member's Spouse or Beneficiary, as applicable, the Actuarial Equivalent value as specified in Section 13.01 with the reference to Section 9.01 changed to Section 9.03.

13.03 Death Benefits for Terminated Employees

- (a) If a Member ceases to accrue Continuous Service and has an entitlement to retirement income benefits in accordance with Section 13, and if the death of such Member occurs prior to the commencement of such retirement income, there shall be paid a death benefit determined in accordance with Section 13.01.
- (b) The payment of benefit under this Section 13.03 shall serve as a full discharge of all obligations of the Plan.

13.04 Death Benefits After Retirement Date

If the death of a Member occurs after his Retirement Date there shall be paid to the Beneficiary any benefits due in accordance with the retirement income option elected by the Member under Section 11. In the case of a Member who did not elect an optional form of retirement income, the Member will be deemed to have elected either the normal form of pension under 11.01 or where the Member had a spouse, then the statutory spousal pension under 11.02.

13.05 Commutation of Death Benefits

- (a) The amount of retirement income payable to a Member's Beneficiary under a guarantee option may, if so requested by the Beneficiary, be paid in a lump sum that is the Actuarial Equivalent of the remaining retirement income payments under the guarantee option.
- (b) The amount of any retirement income payable to a Member's estate under a guarantee option, shall be paid in a lump sum that is the Actuarial Equivalent of the remaining income payments under the guarantee option.

13.06 Alternative Forms of Payment

A Member may elect, or after death in default of such election the Spouse may elect, that the Actuarial Equivalent of any lump sum amounts payable under Section 13.01, 13.02, 13.03 or 13.04 to such Spouse be applied to provide an immediate annuity to the Spouse, without a guarantee period or with a guarantee period of complete years not exceeding the lesser of 15 years and the number of years between the date of the Member's death and the day before the Spouse would attain age 86.

13.07 Beneficiary Designation

A Member shall designate in writing a Beneficiary to receive any benefits that are payable under the Plan to a Beneficiary upon the death of such Member and may change such designation from time to time. Such designation or change must be in accordance with any law applicable to the Member and shall be in such form and executed in such manner as the Company may, from time to time, determine. In the absence of an effective designation of a Beneficiary, the Company shall instruct the Funding Agency to make payment of any death benefits under the Plan to the estate of the Member and any such payment shall completely discharge all liability with respect to the amount paid.

Section 14. Termination of Employment

14.01 Termination Benefits

A Member whose employment with the Company is terminated for any reason other than death or retirement, shall elect to receive benefits as follows:

- (a) retirement income commencing at Normal Retirement Date, equal to the vested portion of the amount of retirement income computed in accordance with Section 9.01 using the Member's date of termination of employment as his Date of Determination. Such retirement income shall be payable in accordance with Section 11; or

Under this option, the portion of the Actuarial Equivalent of the vested pension which is not locked-in could be taken in the form of a cash refund or transfer to a registered retirement savings plan or another registered pension plan. Refer to Section 14.02 for locking-in requirements.

- (b) in lieu of the deferred retirement income under paragraph (a) hereof, the Member may, provided he is not eligible to receive an immediate retirement income in accordance with Section 9.02, elect to have the lump sum Actuarial Equivalent of the vested portion of such retirement pension paid under one of the following methods of settlement:

- (i) a transfer to a registered retirement savings plan or another employer's registered employees' pension plan, if such plan permits, provided, however, that the administrator of such plan agrees in writing to administer such transferred pension credit as locked-in (ie. to be used only to provide a deferred life annuity) within the conditions of Section 14.02 and Applicable Pension Laws.
- (ii) the purchase of a life annuity with or without a guaranteed period not to exceed the lesser of 15 years and the period from the date of commencement of pension payments to the day before his attainment of age 86;

Notwithstanding the foregoing, where a Member is not vested, he shall receive a refund of his own Required Contributions with Interest in respect of his non-vested service.

14.02 Locking-In Requirements

Benefits in respect of pre-January 1, 1987 Credited Service

A Member who has attained age 45 and completed 10 years of Continuous Service with the Company shall be subject to 100% locking-in.

Benefits in respect of post-December 31, 1986 Credited Service

A Member who has completed 2 years of Continuous Service or Plan Membership shall be subject to 100% locking-in.

14.03 A Member whose employment with the Company is terminated and who is entitled to receive a deferred retirement income commencing at his Normal Retirement Date may elect to receive an amount of pension which is the Actuarial Equivalent on any Early Retirement Date. Such actuarial equivalent reduction factor shall not be less than the minimum reduction factor contained in Regulation 8503(3)(c) of the Income Tax Act.

14.04 Benefit from Excess Contributions.

A Member whose employment with the Company is terminated after becoming a Member, for any reason other than death or retirement, shall also be entitled to any Excess Contributions. The Member may elect that this additional benefit be paid as follows:

- (a) a cash refund,
- (b) a transfer to a registered retirement savings plan in the name of the Member; or
- (c) applied to provide an amount of retirement income under the Plan commencing prior to the end of the calendar year in which the individual attains 69 years of age, or such other time as is acceptable under the Income Tax Act of Canada and its Regulations, in a form in accordance with Revenue Rules, which is the Actuarial Equivalent of such lump sum.

Payment of excess amounts are only allowed where required by provincial authority.

Section 15. Disability Benefits

15.01 Notwithstanding anything to the contrary contained herein, where a Member, who is not a Connected Person, becomes totally and permanently disabled, where such disability is certified by a medical doctor licensed to practise under the laws of a province of Canada, and the Member is receiving weekly income disability insurance benefits, such Member's Credited Service shall continue to accrue during the continuance of such disability but not past the earlier of the date the Member elects to receive benefits in accordance with Section 14 or the Member's Normal Retirement Date. It is provided that any such accrual of Credited Service shall cease at the discretion of the Company if evidence of continued total and permanent disability is not furnished by the Member to the Company annually or at such other intervals as the Company may reasonably determine.

15.02 Notwithstanding anything to the contrary contained herein, where a Member, who is a Connected Person, becomes totally and permanently disabled, where such disability is certified by a medical doctor licensed to practise under the laws of a province of Canada, and the Member is receiving weekly income disability insurance benefits, such Member's Credited Service shall cease to accrue during the continuance of such disability.

15.03 For purposes of Subsections 4.03(c), 10.01, 15.01 and 15.02, a Connected Person is defined under the Income Tax under Regulation 8500(3). More generally, a connected person is one who:

- (a) owns directly or indirectly, 10% or more of the issued shares of any class of the capital stock of the employer or a related corporation,
- (b) does not deal at arm's length with the employer, or
- (d) is a specified shareholder of the employer by reason of section 248(1) of the Income Tax Act.

Section 16. Transfers

16.01 Transfer from Registered Plan of Previous Employer

Transfers from a previous pension plan shall not be permitted.

16.02 Transfer to Other Registered Plan

Where there exists a Reciprocal Agreement between the Company and the subsequent employer of a Member, transfer payments may be made into the fund of the subsequent employer's pension plan. The amount of such transfer shall be determined in accordance with the Reciprocal Agreement but the total amount transferred shall not be less than the amount due the Member under Section 14.

Section 17. Contributions and Funding

17.01 Permissible Contributions

The following shall be considered permissible contributions to the Plan:

- (i) Member Contributions made in accordance with Section 5 of the Plan.
- (ii) Company contributions based on the Actuary's recommendations as approved by Revenue Canada.
- (iii) Transfers from other registered plans in accordance with the Income Tax Act.

17.02 Company Contributions

Based upon the amounts established by the Actuary and subject to Section 17.01, the Company will contribute with respect to each Plan Year to the Fund such amounts as are necessary to provide for the benefits accruing in that Plan Year and to fund any unfunded liability and any solvency deficiency in accordance with, and within the time limits specified in, Applicable Pension Laws and Revenue Rules.

17.03 Actuarial Surplus

At the discretion of the Company and subject to the provisions of Applicable Pension Laws, any surplus determined by actuarial valuation, or a portion thereof, may be used to reduce the contributions of the Company otherwise required under the Plan or may, to the extent allowed and subject to any conditions or approval procedures under the Applicable Pension Laws and Revenue Rules be returned to the Company.

17.04 Fund

- (a) The retirement income and other benefits provided under the Plan shall be financed by a Fund established for the purposes of the Plan under which all contributions and investment income are held to pay such retirement income, other benefits and expenses.
- (b) The Company shall be responsible for the selection of a Funding Agency. The Fund or a portion thereof shall be maintained and administered by the Funding Agency in accordance with the terms of a Funding Agreement entered into between the Company and the Funding Agency. The Company and the Funding Agency may agree to amend the form and the terms of the Funding Agreement at any time. The Company may further appoint an organization licensed in Canada to provide investment management services to manage the investment of any portion of the Fund. The Company may replace any Funding Agency or investment manager at any time, in accordance with the terms of any applicable agreement or contract. Investment decisions made by the Company must be in arm's length entities as required by the Income Tax Act and its Regulations.

- (c) Subject to Applicable Pension Laws, the retirement income and other benefits payable under the Plan shall only be paid to the extent that they are provided for by the assets held under the Fund, and no liability or obligation to make any contributions thereto or otherwise shall be imposed upon the Company other than in accordance with Section 17.02.
- (d) The investment of the Fund shall be made in accordance with Applicable Pension Laws and Revenue Rules.
- (e) Fees of the Funding Agency, fees of an investment manager, investment brokerage, transfer taxes and similar costs arising as a result of the making of investments, sale of assets or realization of investment yield, and the expenses reasonably incurred or compensation properly paid in the course of the administration of the Plan shall, at the option of the Company, be paid directly by the Company or from the Fund.

17.05 Claims on the Fund

No Member or any person claiming through him, by virtue of any provision of the Plan, shall have any right to, or any interest in, any part of the Fund except to the extent provided from time to time under the Plan and the Funding Agreement, and any Member or other person having any claim through him shall have recourse solely to the Fund for payment of any benefits hereunder. Under no circumstances shall any liability attach to the Company, or any director, officer or employee of the Company for payment of any benefits or claims hereunder.

Section 18. Permissible Distributions/Protection of Benefits

18.01 Permissible Distributions shall include only the following:

- (i) payment of benefits under the terms of the Plan (ie. retirement, death and withdrawal),
- (ii) transfers of lump sums to another Registered Pension Plan or Registered Retirement Savings Plan (in accordance with the terms of the Plan),
- (iii) transfers of funds between plans where there is a reciprocal agreement,
- (iv) a return of Member or Company contributions in order to avoid revocation of Plan registration (ie. where a Member's Pension Adjustment would exceed the limits),
- (v) refund of surplus,
- (vi) payment of reasonable administrative, investment and similar expenses incurred in connection with the Plan.

18.02 Protection of Benefits

The retirement income and other benefits under the Plan shall not be capable of being charged, anticipated or given as security nor are they capable of assignment, alienation, surrender or commutation, and do not confer upon any other Member, personal representative or dependent, or any other person, any right or interest in the retirement income and other benefits or rights of refund capable of being assigned, surrendered, commuted or otherwise alienated, except as provided for:

- (a) commutation of small benefits under Section 11.05 or pensions to disabled Members under Section 11.06;
- (b) commutation of death benefits under Section 13.05; and
- (c) payments for incompetents or minors under Section 18.04.

18.03 Notwithstanding Section 18.02, when the legal marriage or common-law relationship of a Member or former Member, and such person's Spouse is terminated pursuant to a written agreement, the pension earned during the term of the marriage or common-law relationship shall be split in the manner specified in and in the form provided under Applicable Pension Laws, or in accordance with any judicial decision which may take precedence, provided that the total value of benefits with respect to such Member, shall not exceed the Actuarial Equivalent of the benefits prior to such splitting.

18.04 If the Company shall receive evidence which in its absolute discretion is satisfactory to it that

- (a) a person entitled to receive any payment provided for in the Plan is physically or mentally incompetent to receive such payment and to give a valid release therefore,
- (b) another person or an institution is then maintaining or has custody of such payee, and
- (c) no guardian, committee or other representative of the estate of such payee shall have been duly appointed,

then the Company may direct such payment to such other person or institution, and such payment shall be a valid and complete discharge to the Plan for the payment.

In the absence of the appointment of a legal guardian, any benefit payable to a minor may be paid to such adult or adults as have, in the absolute discretion of the Company, assumed the custody and principal financial support of such minor.

Section 19. Amendment or Discontinuance

19.01 Amendment

- (a) The Company expects to continue the Plan indefinitely, but nevertheless reserves the right to
- (i) amend the Plan,
 - (ii) terminate the Plan,
 - (iii) merge or consolidate the Plan with any other pension plan adopted by the Board, or
 - (iv) transfer any assets or liabilities of the Plan to any other pension plan adopted by the Board,

provided that no such action shall adversely affect any right with respect to benefits which have accrued immediately prior to the time such action is taken, except as provided in Section 19.02. The accrued benefits will be computed using the applicable Date of Determination, the earlier of the date the Member ceases to accrue Continuous Service and the date of the amendment, termination, merger or consolidation of the Plan, as applicable.

- (b) Any amendment of the Plan shall be made by
- (i) the adoption of a resolution by the Board, or
 - (ii) the execution of a certificate of amendment by an officer of the Company authorized to amend the Plan.

19.02 Discontinuance

- (a) In the event the Plan shall be discontinued at any time either in whole, or in part with respect to a specified group of Members only, the assets of the Fund (or the interest therein of Members affected by a partial discontinuance) shall be allocated to provide to the extent of said assets subject to Applicable Pension Laws, the retirement income and other benefits then accrued under the Plan. The accrued benefits will be computed using the date the Member ceases to accrue Continuous Service as the applicable Date of Determination. Such allocation shall be made in accordance with an allocation schedule then established by the Company in consultation with the Actuary and filed with and approved by the appropriate authorities in accordance with Applicable Pension Laws.

- (b) The provisions for the accrued retirement income and other benefits described in paragraph 19.02(a) may be in the form of cash or annuity contracts, or a combination thereof, at the discretion of the Company and as permitted under Applicable Pension Laws and Revenue Rules.
- (c) Upon discontinuance of the Plan, in whole or in part, any assets of the Fund (or the appropriate portion of the Fund in the case of a partial discontinuance) remaining after full provision has been made for the accrued retirement income and other benefits as described in paragraph 19.02(a) shall be returned to the Company.
- (d) Upon discontinuance of the Plan, any Member who has attained age 50 and completed 10 years of plan membership or 10 years of service with the Company shall be entitled to and be deemed to have elected to receive a Pension which is the Actuarial Equivalent of the Pension, commencing on the first day of the month after the wind-up, based on Credited Future Service to the date of the wind-up, unless the Member elects to receive such other benefit as permitted by Applicable Legislation.

Section 21. Administration

- 21.01** The Plan shall be administered by the Company. The Company may appoint any corporation to keep administrative records for the Plan, and may from time to time for the purpose such authority as it may deem necessary and advisable.
- 21.02** The Company may from time to time direct that appropriate records be maintained, establish rules for the administration of the Plan. The Company shall have the exclusive right to interpret the Plan provisions and to decide any matters arising hereunder in the administration and operation of the Plan. All interpretations and decisions shall be made as nearly as may be possible in a uniform manner to all Members similarly situated.
- 21.03** The Company shall indemnify and save harmless any employee or director of the Company who is involved in the administration of the Plan from the effects and consequences of any acts, omissions and conduct in his formal capacity to the extent permitted by law, except his own wilful and intentional malfeasance or misconduct. No part of the Fund shall be used for indemnification payments.
- 21.04** The Company and any person or corporation appointed by the Company in accordance with Section 21.01 shall be entitled to rely conclusively upon all tables, opinions and reports which shall be furnished by any actuary, accountant, counsel or other professional person who shall be employed or engaged for such purposes.
- 21.05** All benefits under the Plan shall be approved by the Company, and payment thereon shall be made only upon application therefor in the manner prescribed by the Company. At the time of submission of such relevant supporting evidence as the Company may require. Any person receiving or claiming any benefit under the Plan shall at any and all times, on demand by the Company, furnish to the Company satisfactory evidence to demonstrate entitlement to such benefit.

Section 20. Disclosure

20.01 Plan Explanation

Within the 60 day period prior to the date an Employee becomes eligible for membership in the Plan, the Company shall provide to such Employee a written description of the Plan. Such description shall explain the pertinent terms and conditions of the Plan and amendments thereto as applicable to the Employee, and shall outline the rights and obligations of the Employee with reference to the benefits available under the Plan.

Unless such notification is dispensed with by the jurisdiction having authority under Applicable Pension Laws, then not later than 60 days after registration of any amendment to the Plan, the Company shall provide a similar explanation of the amendment to each Employee affected by the amendment.

20.02 Inspection

The Company shall permit a Member or the Member's authorized agent to inspect, or make extract from, the Plan text and any other related documents required to be made available under Applicable Pension Laws, at any reasonable time at such offices of the Company including its principal office in each province as designated by the Company.

20.03 Benefits Statement

- (a) Within six months after the end of each Plan Year, the Company shall provide to each member a written statement describing the benefits the Member has earned to date and such other information as required under Applicable Pension Laws.
- (b) Upon cessation of employment of a Member or upon termination of the Member's active membership in the Plan, the Company shall provide to the member (or other person entitled to benefit in the event of the Member's death) within 30 days a written statement of the benefits and options to which the Member is entitled.

20.04 Other Information

The Company shall provide such other information regarding the Plan, statistical or otherwise, as is required under Applicable Pension Laws.

20.05 Limitation

Such explanation, statement or other information provided shall have no effect on the rights or obligation of any person under the Plan, and shall not be referred to in interpreting or giving effect to the provisions of the Plan. The Company shall not be liable for any loss or damage claimed by any person to have been caused by any error or omission in such explanation, statement or other information.