

THE OSPREY PENSION PLAN

July 31, 2001

THE OSPREY PENSION PLAN

TABLE OF CONTENTS

<u>ARTICLE</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
	History	1
1	Definitions	4
2	Eligibility and Membership	11
3	Contributions	15
4	Leaves of Absence	18
5	Management of the Fund	22
6	Retirement Dates	24
7	Retirement Pensions	26
8	Normal and Optional Forms	32
9	Termination of Employment	34
10	Beneficiary Designation	36
11	Death Benefits	37
12	Transfer Provisions	40
13	Administration of the Plan	43
14	Future of the Plan	45
15	General Provisions	47
Schedule A	Benefits Accrued Under Prior Plans	51

HISTORY

Hollinger Canadian Operating Company Retirement Plan

Prior to January 1, 1966, Southam Inc. and its affiliated companies sponsored the following prior plans:

- (a) Southam Press Limited Basic Contributory Retirement Plan, the Southam Press Limited Supplementary Contributory Retirement Plan, the Retirement Income Plan for the Employees of Southam Business Publications Limited, and the Murray Printing & Gravure Limited Retirement Plan (the “Prior Plans”).
- (b) Effective January 1, 1966, the Prior Plans were consolidated into one Southam-sponsored pension plan – the Southam Retirement Plan - under registration number 0526947 and, at that time, the Southam Retirement Plan was amended to provide for benefits on a defined benefit basis.
- (c) Effective January 1, 1976, as a result of acquiring Sault Daily Star Limited, the Pension Plan for Employees of Sault Daily Star Limited was merged into the Southam Retirement Plan.
- (d) Effective November 1, 1991, the Pension Plan for Employees of Kingston Whig-Standard division of Hollinger Canadian Operating Company was merged into the Southam Retirement Plan;
- (e) Effective January 1, 1992, the Southam Retirement Plan was restated to reflect changes required as a result of amendments to the Income Tax Act (Canada).
- (f) Effective November 16, 2000, the Southam Retirement Plan was restated to incorporate legislative amendments to date and to reflect the November 16, 2000 sale of various properties to Can West Global Communications Corporation. As a result of the sale, the name of the plan was changed from the Southam Retirement Plan to the Hollinger Canadian Operating Company Retirement Plan (the “HCOC Plan”).

Southam Inc. Pension Plan for the Employees of Newspapers Formerly Owned by Thomson Newspapers.

The Southam Inc. Pension Plan for the Employees of Newspapers Formerly Owned by Thomson Newspapers (the “Southam Plan”) was first established by Southam Inc. under registration number 1033786 on September 17, 1996 in connection with the sale of certain newspapers by Thomson

Newspapers Company Limited to Southam Inc. No assets or liabilities were transferred from the Thomson Newspapers Employees' Retirement Plan to the Southam Plan and, as a result, the Southam Plan is responsible for benefits accrued in respect of Credited Service on and after September 17, 1996 only. Benefits accrued in respect of Credited Service before September 17, 1996 remained with the Thomson Newspapers Employees' Retirement Plan and are payable in accordance with Part I of that plan.

Effective with the purchase of certain Thomson Newspapers on July 17, 1998, additional employees joined the Southam Plan and accrued benefits in accordance with a new Part II.

Effective December 1, 1998, the Southam Plan was restated.

Hollinger Inc. Pension Plan for the Employees of Newspapers Formerly Owned by Thomson Newspapers

The Hollinger Inc. Pension Plan for the Employees Formerly Owned by Thomson Newspapers (the "Hollinger Plan") was first established by Hollinger Inc. on October 5, 1995 under registration number 1024744 in connection with the sale of certain newspapers by Thomson Newspapers Company Limited to Hollinger Inc. As a result of that sale, no assets and liabilities were transferred from the Thomson Newspapers Employees' Retirement Plan to the Hollinger Plan. As a result, the Hollinger Plan provides pension benefits in respect of Credited Service accrued on and after October 5, 1995 only. Benefits accrued with respect to Credited Service before October 5, 1995 remain payable under the Thomson Newspapers Employees' Retirement Plan.

The New Osprey Plan

Effective July 31, 2001, pursuant to a pension asset transfer agreement ("Agreement"), Osprey Media Group Inc. (the "Company") agreed to establish the Osprey Pension Plan (the "Plan") to provide pension benefits to certain employees transferring from the HCOC Plan, the Southam Plan and the Hollinger Plan (collectively referred to as the "Former Plans") as a result of a sale by Hollinger-related companies to Osprey Media Holdings Inc. Osprey Media Holdings Inc. established an operating company – Osprey Media Group Inc. – for the purposes of running the acquired newspapers.

Pursuant to that Agreement, the Plan will assume liabilities earned by transferring members of the Former Plans prior to July 31, 2001, provided assets at least equal to liabilities determined on the greater of an ongoing basis or solvency basis are also transferred from the Former Plans to the Plan. An additional amount will also be transferred from the HCOC Plan to the Plan, representing some portion of surplus.

Effective November 30, 2001, the Company agreed to purchase The Observer (Sarnia) and the Chatham Daily News divisions from Hollinger Canadian Newspapers, Limited Partnership. As a result of this purchase, employees employed in the acquired divisions will be eligible to participate in the Plan and, if they have accrued benefits under the Southam Plan, assets and liabilities will be transferred from the Southam Plan to this Plan.

The terms and conditions of this Plan will apply only to Members who terminate, become disabled, retire or die, whichever will first occur, on or after July 31st, 2001 (November 30, 2001 in respect of employees acquired as a result of the Company purchasing The Observer (Sarnia) and Chatham Daily News divisions).

The primary purpose of the Plan is to provide periodic retirement payments and related death benefits for and on behalf of all eligible Employees who become Members of the Plan with respect to their service as Employees.

The Plan, as amended or restated from time to time, will remain in effect subject to the registration thereof by:

- (a) the relevant tax authorities as is necessary to establish that the Employers are entitled to deduct contributions to this registered pension plan from taxable income before the computation of income tax under the Income Tax Act and any other applicable tax legislation; and
- (b) the Financial Services Commission of Ontario in accordance with the Pension Benefits Act, 1990 of Ontario.

ARTICLE 1
DEFINITIONS

The following terms, words and phrases, will have the following meanings for all purposes of the Plan unless the context clearly indicates a contrary meaning. Wherever the defined terms appear in the Plan, they will be capitalized.

Unless the context clearly indicates a contrary intention, words in the singular will be construed as including words in the plural and words in the plural as including words in the singular and words importing the masculine gender will be construed as including the feminine gender. Unless the context is inconsistent therewith, the word “person” includes a partnership, a body corporate, and the heirs, executors, administrators, other legal representatives and assigns of a person.

- 1.01 **Actuarial Equivalent** means a pension of an equivalent value where such equivalent is established using actuarial tables, actuarial assumptions and methodology as may be selected by the Company on the recommendation of the Actuary, subject to Applicable Legislation.
- 1.02 **Actuary** means the actuary or firm of actuaries appointed by the Company for the purpose of preparing the necessary actuarial valuations of the Plan. The actuary or firm of actuaries will be, or will include, a Fellow of the Canadian Institute of Actuaries.
- 1.03 **Additional Voluntary Contributions** means additional voluntary contributions transferred from a Former Plan to this Plan.
- 1.04 **Administrator** means Osprey Media Group Inc. in its capacity as Administrator under the Pension Benefits Act.
- 1.05 **Affiliated Company** means a company that is subsidiary to, associated with or an affiliate of the Company, as defined under the Ontario Business Corporations Act, R.S.O., 1990, as amended from time to time.
- 1.06 **Applicable Legislation** means the Pension Benefits Act, the Income Tax Act and any other applicable legislation of Canada or a province or territory thereof if the pension legislation of such province or territory is applicable to the person in question, together with any rules, guidelines, regulations or conditions established or prescribed from time to time affecting pension plans in general and this Plan and the person in question in particular.

- 1.07 **Approved Leave of Absence** means an unpaid leave of absence approved by the Employer or a layoff subject to recall by the Employer, all as defined and accrued in accordance with Article 4.
- 1.08 **Average YMPE** means as of a date at which a determination is required, the average of the YMPE applicable during the five calendar years ending on December 31 of the immediately preceding calendar year in which the determination is required.
- 1.09 **Beneficiary** means the person or persons designated by a Member in accordance with Article 10 to receive any benefits which may be payable as a result of the death of the Member and includes the Member's estate where there is no such person.
- 1.10 **Commutated Value** means, in relation to benefits that a person has a present or future entitlement to receive, a lump sum amount which is the actuarial present value of those benefits computed using rates of interest, the actuarial tables and other assumptions as may be selected by the Company on the recommendation of the Actuary, subject to the requirements of Applicable Legislation. For clarification, unisex tables are to be used when calculating Commuted Values for benefits accrued in respect of all years of Credited Service.
- 1.11 **Company** means Osprey Media Group Inc. or any successor thereof, acting through its board of directors or through any person authorized by that board of directors for the purposes of making decisions or amendments to the Plan.
- 1.12 **Continuous Service** means the period of an Employee's continuous employment with the Employer rendered on a regular basis commencing on the most recent date of hire of the Employee by the Employer, without regard to any period of lay-off and any temporary suspension of employment. Continuous Service will also include periods of employment with a Predecessor Employer that was recognized as "Continuous Service" under a Former Plan.
- 1.13 **Credited Interest** means interest credited annually on:
- (a) **Required Contributions**
a Member's required contributions, at a rate equal to the applicable average of the yields of five (5) year personal fixed term chartered bank deposits (CANSIM series B14045);
 - (b) **Additional Voluntary Contributions**

a Member's Additional Voluntary Contributions, at a rate which is reasonably attributable to the operation of that portion of the Fund in which Member Additional Voluntary Contributions are invested; and

(c) Lump Sum Payments

lump sum payments out of the Fund:

- (i) at the rate described in Section 1.13(a), if the refund is attributable to required contributions;
- (ii) at the rate described in Section 1.13(b), if the refund is attributable to Additional Voluntary Contributions; and
- (iii) in all other cases, at the rate used to calculate the Commuted Value, where applicable.

Interest will commence to accrue no later than the first of the month following the month in which the contributions were required to be paid into the Fund and will be credited to the date the Member's Continuous Service terminates. Lump sum payments (or transfers) out of the Fund will be credited with interest from the date of determination to the first day of the month in which the payment (or transfer) occurs.

1.14 **Credited Service** means the complete years and months of the Canadian Continuous Service of an Employee throughout which the Employee makes contributions to the Plan (and, where assets are transferred from a Former Plan to this Plan, made contributions to a Former Plan) to the date the Member terminates, dies or retires from Continuous Service. Credited Service will exclude all periods of unpaid leaves of absence except in accordance with Article 4.

For a Member who is employed on a less than full-time basis or for less than a complete year, "Credited Service" will be determined for each such Plan Year by pro-rating the Member's Credited Service in accordance with the ratio of such Member's actual hours worked during such Plan Year (other than overtime hours) to the hours regularly scheduled to be worked by a full-time Member during such Plan Year.

Credited Service will accrue as full and fractional years.

1.15 **Earnings** mean an Employee's basic salaries and wages actually paid (or deemed paid pursuant to Article 4) by an Employer or Predecessor Employer in a Plan Year including bonuses and commission and, if and to the extent that in the judgement of the Employer

such payments should be included, overtime, all as determined by the Employer under its normal practices..

For the Member who is employed on a less than full-time basis or for less than a complete calendar year, the Member's earnings for the year (excluding bonuses) are multiplied by the ratio of the hours regularly scheduled to be worked by full-time Employees in the Plan Year to the Employee's actual hours worked (other than overtime hours) during the Plan Year, provided that such ratio will not exceed 1.0.

1.16 **Employee** means any full-time or less than full-time regular employee who is employed by the Employer in any one of the following divisions:

- (a) Osprey head office; Kingston Whig-Standard; North Bay Nuggett; Owen Sound Sun Times; Sault Star; and Saugeen Press' Chelsey Enterprise; Durham Chronicle and Markdale Standard departments;
- (b) Elliot Lake Standard; Kirkland Lake Northern Daily News; Timmins Daily Press; Cornwall Standard Freeholder; Sudbury Star, The Observer (Sarnia) and Chatham Daily News; and
- (c) Barrie Examiner; Belleville Intellegencer; Collingwood Enterprise Bulletin; Hanover Post; Lindsay Daily Post; Midland Free Press; Nepean This Week; Orangeville Banner; Orillia Packet Times; Pembroke Observer; Peterborough Examiner; Trenton Trentonian and Georgian Web,

provided such person is not "connected" with the Employer, as defined under the Income Tax Act, and is not otherwise entitled to participate in another registered pension plan sponsored by an Employer.

"Full-time" means anyone employed for at least 35 hours a week and "part-time" means anyone who is employed on other than a full-time basis.

1.17 **Employer** means the Company and any Affiliated Company which may be designated for Plan participation by the Company, and which has by resolution of its own board of directors adopted the Plan. Notwithstanding the foregoing, any reference in the Plan to any action to be taken, consent, approval or opinion to be given, discretion or decision to be exercised or made by the Employer will refer only to the Company.

1.18 **Final Average Earnings** means the highest annual amount determined as follows:

- (a) the Member's average Earnings during those five (5) full calendar years chosen from the last ten (10) consecutive complete calendar years, prior to his or her termination from Continuous Service, for which the highest average is attained;
- (b) the Member's average Earnings (less overtime earnings if excluded under the definition of Earnings at the judgement of the Company), during those five (5) full calendar years chosen from the last ten (10) consecutive complete calendar years, prior to his or her termination from Continuous Service, for which the highest average is obtained; plus, if overtime earnings were included in Earnings at the judgement of the Company, the Member's average overtime earnings during his or her years of Continuous Service since 1975; or
- (c) the Member's average Earnings during the sixty (60) months immediately preceding his or her termination from Continuous Service.

In any case where the rate of the Member's Earnings is permanently reduced prior to or during the final sixty (60) months of Credited Service, the Employer may authorize the previous higher rate or an intermediate rate of Earnings to be deemed to have been paid to the Member subsequent to such reduction for the purpose of determining the Member's Final Average Earnings, subject to the rules on prescribed compensation under the Income Tax Act.

- 1.19 **Former Plan(s)** means the Hollinger Canadian Operating Company Retirement Plan (the "HCOC Plan") as constituted at July 31, 2001, the Hollinger Inc. Pension Plan for the Employees of Newspapers Formerly Owned by Thomson Newspapers (the "Hollinger Plan") as constituted at July 31, 2001, the Southam Inc. Pension Plan for the Employees of Newspapers Formerly Owned by Thomson Newspapers (the "Southam Plan"), as constituted at July 31, 2001 (November 30th for Employees employed in The Observer (Sarnia) and the Chatham Daily News divisions) and any of their predecessors, provided assets and liabilities were transferred from the predecessor plans to the Former Plans and assets and liabilities are transferred from the Former Plans to this Plan. All the foregoing plans are collectively referred to as "Former Plans".
- 1.20 **Fund** means the assets held from time to time by the Funding Agent under the terms of the Funding Agreement.
- 1.21 **Funding Agent** means a corporate trustee, an insurance company authorized to carry on a life insurance business in Canada or a group of individuals resident in Canada, at least one of whom is independent of the Company, and includes any combination thereof appointed by the Company to hold, administer and invest the Fund.

- 1.22 **Funding Agreement** means the agreement made between the Company and a Funding Agent and any and all amendments and variations which may be made thereto from time to time.
- 1.23 **Income Tax Act** means the Income Tax Act of Canada as amended from time to time, together with any relevant regulations and administrative rules made thereunder from time to time.
- 1.24 **Kingston Plan** means the Pension Plan for Employees of the Kingston Whig-Standard division of Hollinger Canadian Operating Company, as constituted at November 1, 1991.
- 1.25 **Leaves of Absence** means approved leaves of absence in accordance with Article 4.
- 1.26 **Member** means an Employee or former Employee who has become a Member of the Plan in accordance with Article 2 and in respect of whom a benefit has been credited under the Plan and who continues to be entitled to benefits or rights hereunder.
- 1.27 **Plan** means the Osprey Pension Plan as set out herein and as such may be amended or restated from time to time.
- 1.28 **Plan Year** means the calendar year.
- 1.29 **Pension Benefits Act** means the Pension Benefits Act of Ontario, R.S.O., 1990, and its regulations, both as amended from time to time.
- 1.30 **Predecessor Employer** means Hollinger Canadian Operation Company, Southam Inc. and Hollinger Inc. and any of their predecessor companies.
- 1.31 **Spouse** means as of the relevant date:
- (a) the person who is married to the Member by reason of a valid religious or civil ceremony and who is not living separate and apart from the Member; or
 - (b) the person who is living with the Member;
 - (i) in a conjugal relationship and has so lived with the Member for a continuous period of not less than three (3) years, or
 - (ii) in a conjugal relationship of some permanence if the person and the Member are the natural or adoptive parents of a child, both as defined in the Family Law Act of Ontario.

1.32 **Total Disability** means a disability:

- (a) throughout which the Member is physically or mentally impaired so as to prevent the performance of employment duties in which the Member was engaged before the impairment occurred;
- (b) as determined by the Employer based on evidence provided by a medical doctor licensed in Canada or where the Member resides; and
- (c) in respect of which the Member is entitled to benefits from the Employer's disability program or from the Canada Pension Plan.

1.33 **YMPE** means, in respect of any Plan Year, the year's maximum pensionable earnings as defined under the Canada Pension Plan.

ARTICLE 2

ELIGIBILITY AND MEMBERSHIP

2.01 HCOC Plan Members

Each Employee who was acquired as part of the purchase and sale effective July 31, 2001 and who was a member of a Former Plan - the HCOC Plan - on such date automatically becomes a Member of the Plan effective July 31, 2001 and will participate and earn benefits in accordance with Division 1 of the Plan.

2.02 Southam Plan Members

Each Employee who was acquired as part of the purchase and sale effective July 31, 2001 and who was a member of a Former Plan – the Southam Plan - on such date automatically becomes a Member of the Plan effective July 31, 2001 and will participate and earn benefits in accordance with Division 2 of the Plan.

2.03 Hollinger Plan Members

Each Employee who was acquired as part of the purchase and sale effective July 31, 2001 and who was a member of a Former Plan – the Hollinger Plan - on such date automatically becomes a Member of the Plan effective July 31, 2001 and will participate and earn benefits in accordance with Division 2 of the Plan.

2.04 New Members – Full-time Employees

Each full-time Employee, other than an Employee described in Section 2.01, 2.02 or 2.03, is entitled to join the Plan on:

(a) Division 1 Members

the completion of three (3) months of Continuous Service, if such Employee is employed in a division described in Section 1.16(a); or

(b) Division 2 Members

January 1 of the calendar year coincident with or next following the date of the Employee's commencement of Continuous Service provided that the Employee has not reached age sixty-five (65), if such Employee is employed in a division described in Section 1.16(b) or 1.16(c).

2.05 **New Members – Part-time Employees**

Each part-time Employee, other than an Employee described in Section 2.01, 2.02 or 2.03, is entitled to join the Plan on the completion of twenty-four (24) months, provided he or she has:

- (a) earned at least thirty-five (35%) of the YMPE; or
- (b) worked at least seven hundred (700) hours,

in each of any two (2) preceding calendar years in the preceding five (5) years, if such Employee is employed in a division described in Section 1.16(a) or in each of two (2) consecutive calendar years immediately prior to membership in the Plan, if such Employee is employed in a division described in Section 1.16(b) or 1.16(c).

2.06 **Division 1 or Division 2 Participation**

Employees who become Members pursuant to Sections 2.04 and 2.05 will participate in:

- (a) Division 1, if such Employee is employed in a division described in Section 1.16(a);
and
- (b) Division 2, if such Employee is employed in a division described in Section 1.16(b) or 1.16(c).

2.07 **Enrollment in the Plan**

- (a) To enroll as a Member, an Employee must complete and sign the form, or forms, prescribed for that purpose by the Employer.
- (b) An Employee who elects not to become a Member when first eligible to do so will be required to state in writing, on a form provided by the Employer, that the Employee does not wish to become a Member and waives all rights to pension benefits relating to service prior to such time as the Employee may subsequently become a Member. Should such Employee elect to enroll at a later date, the effective date of such Employee's Plan membership will commence on the first day of the month following receipt of the forms described in Section 2.07(a).

2.08 Re-employment

(a) Division 1 Members

If a Member who previously accrued benefits under Division 1 terminates Continuous Service and:

- (i) is subsequently re-employed by an Employer within six (6) months of the date on which he or she previously terminated Continuous Service, subject to Section 2.08(a)(iii), such Employee will have the option to rejoin the Plan immediately as a Division 1 or Division 2 participant, depending on what division the Member has been re-hired into. Such Employee will repay into the Fund the full amount of any payment he or she may have received from the Plan pursuant to Article 9 as a result of his or her previous Continuous Service, with interest (as determined by the Employer) to the date of repayment, provided that in respect of Continuous Service prior to 1992, such repayment will be made only by way of transfer of funds from another registered pension plan, a registered retirement savings plan or a deferred profit sharing plan. Such repayment may be made within the time limits prescribed for this purpose by the Employer and in such manner as may be agreed to between the Employee and the Company;
- (ii) is subsequently re-employed by an Employer after six (6) months from the date on which he or she previously terminated Continuous Service, subject to Section 2.08(a)(iii), such Employee will rejoin the Plan once he or she has satisfied the eligibility criteria in Section 2.04 or 2.05, as applicable, as a Division 1 or Division 2 participant depending on what division the Member has been re-hired into. Such person will be treated as a new employee for all purposes of the Plan. This Section 2.08(a)(ii) will not be construed as alienating any previously accrued or granted entitlements; and
- (iii) has commenced to receive a pension from the Plan or another registered pension plan sponsored by an Employer, such Employee may elect either:
 - (A) to rejoin the Plan immediately upon re-employment as a Division 1 or Division 2 participant depending on what division he or she has been re-hired into, in which case his or her pension will cease immediately, the amount of accrued pension will not be altered and will recommence on his or her subsequent termination of Continuous Service; and any benefit earned after the date of re-employment will

be calculated based on Continuous Service, Credited Service, Final Average Earnings after that date; or

- (B) to continue to receive his or her pension from the Plan and not accrue further benefits during the period of re-employment.

(b) Division 2 Members

If a Member who previously accrued benefits under Division 2 terminates Continuous Service and is subsequently re-employed by an Employer, such person will be treated as a new employee for all purposes of the Plan and will enroll in the Plan upon fulfilling the eligibility requirements described in Section 2.04 or 2.05, as applicable. However, if such Member has commenced to receive his or her pension from the Plan or another registered pension plan sponsored by an Employer, the Member's pension payments will cease for the period of re-employment. This Section 2.08(b) will not be construed as alienating any previously accrued or granted entitlements. Notwithstanding the foregoing, the Employer may, at its discretion, grant a restoration of Continuous Service and/or Credited Service for a Member who is subsequently re-employed, provided that benefits are not duplicated.

There will be no recognition of any period between the previous termination date and such Member's re-entry into the Plan.

2.09 Waiver of Eligibility Requirements

The Employer reserves the right, in its sole discretion, subject to Applicable Legislation and human rights legislation, to waive the above eligibility requirements for a specific Employee or group of Employees when it is deemed to be in the best interests of the Employer.

2.10 Cessation of Membership

A Member will cease to accrue benefits under the Plan only upon termination of Continuous Service, termination of the Plan or suspension of contributions in accordance with Sections 3.01(b) and 4.02(b).

A part-time Employee who becomes a Member will not cease to be a Member or accrue benefits under the Plan only because, in a given calendar year, the Employee's Earnings are less than thirty-five percent (35%) of the YMPE or the Employee has worked less than seven hundred (700) hours for the Employer.

ARTICLE 3
CONTRIBUTIONS

3.01 Required Contributions for Members Participating in Division 1

Subject to Section 3.04:

- (a) subject to Section 3.01(b), an Employee who is a Member accruing benefits under Division 1 will make contributions to the Plan each Plan Year, by payroll deduction, of an amount equal to two and one-half percent (2.5%) of the Member's Earnings not in excess of the YMPE plus five percent (5%) of such Member's Earnings in excess of the YMPE, except that the aggregate of such contributions in any Plan Year will not exceed the maximum amount permitted under the Income Tax Act; and
- (b) subject to any Applicable Legislation, an Employee who is a Member accruing benefits under Division 1 may discontinue further required contributions to the Plan if such Member has:
 - (i) attained thirty-five (35) years of Credited Service; or
 - (ii) has not attained thirty-five (35) years of Credited Service but has the consent of the Employer, such consent being granted in circumstances of extreme hardship.

Such Member will cease to accrue further benefits under the Plan until such Member resumes contributions under this Section 3.01(a).

Required contributions made under the Former Plans will be considered required contributions under this Section 3.01, if such contributions have been transferred from a Former Plan to this Plan.

3.02 Required Contributions for Members Participating in Division 2

Subject to Section 3.04, an Employee who is a Member accruing benefits under Division 2 will make contributions to the Plan each year, by payroll deduction, of an amount equal to five percent (5%) of the Member's rate of Earnings as of January 1 of that Plan Year, less any amount which the Employee is required to contribute to the Canada Pension Plan with respect to the Plan Year.

Such Member's required contributions in any Plan Year will not exceed three thousand and five hundred dollars (\$3,500) or such higher limit as may be adopted by the Company from time to time.

3.03 **Additional Voluntary Contributions**

For clarification, an Employee who is a Member may not make Additional Voluntary Contributions to the Plan on and after July 31, 2001.

However, Additional Voluntary Contributions made under the Former Plans will be considered Additional Voluntary Contributions under this Section 3.03, if such contributions have been transferred from a Former Plan to this Plan.

3.04 **Tax Limitations**

In no event will the Member's required contributions in any Plan Year in respect of benefits accruing to such Member in that Plan Year exceed an amount that is the lesser of:

- (a) nine percent (9%) of the Member's Earnings from the Employer in that Plan Year; and
- (b) the aggregate of one thousand dollars (\$1,000) and seventy percent (70%) of the Member's pension credited for the year determined in accordance with the Income Tax Act.

3.05 **Employer Contributions**

- (a) The Employer will make such contributions to the Fund as are required, based on the advice of the Actuary, to provide an appropriate level of funding for the benefits payable from the Plan in respect of the following:
 - (i) the normal cost of the benefits currently accruing to Members under the Plan; and
 - (ii) for the proper amortization of any unfunded liability or solvency deficiency, both in accordance with the Pension Benefits Act, after taking into account the assets of the Fund, contributions of the Members and all other relevant factors.
- (b) The contributions made by the Employer to the Fund, in accordance with Section 3.05(a) in any Plan Year, will not exceed amounts permitted as "eligible contributions", as defined under the Income Tax Act, for such Plan Year.

3.06 **Overpayments and Ineligible Contributions**

Subject to the Pension Benefits Act and the prior approval of the Superintendent of Financial Services Commission of Ontario, any payment in error by an Employer or Employee, as applicable, in a Plan Year may be returned to the Employer or the Employee, as applicable, out of the Fund. Further, contributions may be refunded at anytime to the Employer where such action is required to avoid the revocation of registration of the Plan under the Income Tax Act, subject to the prior consent of the Financial Services Commission of Ontario.

3.07 **Remittances to the Fund**

The Employer will remit to the Funding Agent for deposit in the Fund:

- (a) the Employer's contributions, if any, in respect of the normal cost of benefits in monthly installments within 30 days following the month for which the contributions are payable;
- (b) the Employer's contributions, if any, in respect of special payments to amortize an unfunded actuarial liability or solvency deficiency in equal monthly installments throughout the Plan Year; and
- (c) Member contributions within 30 days following the month in which such sums are deducted from a Member's pay.

3.08 **Non-withdrawal of Contributions**

A Member will not be permitted to withdraw any portion of the Member's required contributions until such time as the Member's termination of Continuous Service. Additional Voluntary Contributions may be transferred out of the Plan prior to termination of the Member's Continuous Service, subject to Applicable Legislation.

ARTICLE 4
LEAVES OF ABSENCE

4.01 Meaning of Leaves of Absence

Throughout this Article 4, "Leaves of Absence" means approved leaves of absence attributable to:

- (a) active military service in the Canadian Armed Forces ("Military Leave");
- (b) a Total Disability;
- (c) an injury in respect of which the Member is entitled to receive benefits under the Workplace Safety and Insurance Act ("Job-Related Disability");
- (d) a "parental leave", as defined under the Income Tax Act, resulting from the birth or adoption of a child ("Parental Leave");
- (e) a salary deferral leave plan, if the Employee is participating under Division 1 ("Salary Deferral Leave"); and
- (f) an unpaid leave of absence authorized by the Company (other than a leave described in Sections 4.01(a), (b), (c), (d) or (e) ("Other Leave").

4.02 Contributions During Leaves of Absence

(a) Total Disability

A Member is exempt from the requirement to make contributions to the Plan during a Leave of Absence attributable to a Total Disability.

(b) Military Leaves, Job-Related Disability, Parental Leaves and Salary Deferral Leaves

A Member may continue contributions under Sections 3.01 and 3.02 during a Leave of Absence attributable to Military Leave, a Job-Related Disability, Parental Leave or Salary Deferral Leave.

(c) Other Leaves

A Member is not permitted to make contributions to the Plan during a Leave of Absence attributable to an Other Leave.

4.03 Credited Service During Leave Period

Each year, or part thereof, during the Leave of Absence (other than a Leave of Absence attributable to an Other Leave) counts as a year, or part thereof, of Credited Service for the Member:

(a) Total Disability

until the earliest of; the Member's date of recovery, termination, death or normal retirement date, if the Leave of Absence is attributable to a Total Disability;

(b) Military Leaves

until the earliest of; 3 months from the date of the Member's discharge from the Canadian Armed Forces, the Member's death or the Member's normal retirement date, if the Leave of Absence is attributable to a Military Leave and the Member elected to continue contributions in accordance with Section 4.02(b);

(c) Job-Related Disability

until the earliest of; the expiry of the period prescribed by the Ontario Workplace Safety and Insurance Act, the date the Member returns to active Continuous Service, the Member's death or the Member's normal retirement date, if the Leave of Absence is attributable to a Job-Related Disability and the Member has continued contributions in accordance with Section 4.02(b);

(d) Parental Leaves

until the earliest of: the expiry period prescribed by the Ontario Employment Standards Act, the date the Member returns to active Continuous Service, the Member's death or the Member's normal retirement date, if the Leave of Absence is attributable to a Parental Leave and the Member has continued contributions in accordance with Section 4.02(b); and

(e) Salary Deferral Leaves

until the earliest of: the expiry of the Salary Deferral Leave, one year, the date the Member returns to active Continuous Service, the Member's death or the Member's normal retirement date, if the Leave of Absence is attributable to a Salary Deferral Leave and the Member has continued contributions in accordance with Section 4.02(b),

subject to a maximum Credited Service accrual on and after January 1, 1992, for all Leaves of Absence (other than Leaves of Absence attributable to a Total Disability) of five (5) years plus one additional year in the case of each Parental Leave, further subject to an overall maximum of eight (8) years of Credited Service.

A Member accrues no Credited Service in respect of a Leave of Absence attributable to an Other Leave.

4.04 **Earnings During Leaves of Absence**

For the purpose of contributions and accruals under Sections 4.02 and 4.03, and as prescribed by the Income Tax Act:

- (a) subject to Section 4.04(b), the Member's Earnings are deemed to be equal to the rate of Earnings received by the Member immediately before the commencement of the Leave of Absence; and
- (b) the Member's Earnings are deemed to be equal to the rate of Earnings the Member would have received had the Member not taken a Leave of Absence, if the Leave of Absence is attributable to a Parental Leave or a Salary Deferral Leave.

4.05 **YMPE During Leaves of Absence**

For the purpose of contributions and accruals under Sections 4.02 and 4.03:

- (a) subject to Section 4.05(b), the YMPE throughout the Leave of Absence is deemed to be equal to the YMPE in effect immediately before the commencement of such Leave of Absence; and
- (b) the YMPE is deemed to be each YMPE in effect during such Leave of Absence, if the Leave of Absence is attributable to a Parental Leave.

4.06 **Leave Ending Before Normal Retirement Date**

If the Member's Leave of Absence ends before normal retirement date and:

- (a) the Member returns to active Continuous Service, the pension will be calculated based on the provisions of the Plan, as modified by Sections 4.02, 4.03, 4.04 and 4.05, in effect at the date of the Member's subsequent termination, death or retirement; or

- (b) the Member does not return to active Continuous Service, the Member will be deemed to have terminated Continuous Service or retired, as applicable, for purposes of the Plan as of the date that the Leave of Absence ends. Such pension will be calculated based on the provisions of the Plan, as modified by Sections 4.02, 4.03, 4.04 and 4.05, in effect at the date of the Member's deemed termination or deemed retirement, as applicable.

4.07 **Leave Continuing Until Normal Retirement Date**

If the Member's Leave of Absence continues until normal retirement date, the Member will be deemed to retire at normal retirement date. Such pension will be calculated based on the provisions of the Plan, as modified by Sections 4.02, 4.03, 4.04 and 4.05, in effect at the date of the Member's deemed retirement.

4.08 **Death During Leave**

If the Member dies during a Leave of Absence, death benefits will be payable in accordance with Article 11.

ARTICLE 5

MANAGEMENT OF THE FUND

5.01 **Administration of the Fund**

The Fund will be administered by the Funding Agent in accordance with the Funding Agreement.

5.02 **Investment of the Fund**

The assets of the Fund will be invested in accordance with Applicable Legislation.

5.03 **Expenses**

All normal and reasonable fees and expenses, both internal and external, incurred in the operation and administration of the Fund and the Plan (including, but not limited to, expenses relating to merger, spin-off and total or partial wind-up of the Plan) will be paid from the Fund. Where an Employer has made payments on account of such expenses, the Employer will be entitled to reimbursement by the Funding Agent from assets of the Fund. Fees and expenses of the Employer and its agents are payable from the Fund unless prohibited by the Pension Benefits Act.

5.04 **Withdrawal of Assets from an Ongoing Plan**

Subject to receiving the prior consent of the Financial Services Commission of Ontario, if, at any time while the Plan continues in existence, the Actuary certifies that the assets of the Fund exceed its liabilities, then all or part of such excess of Plan assets over Plan liabilities may be refunded to the Company or Employer, as applicable.

5.05 **Payment of Benefits From the Fund**

- (a) Subject to an Employer's right to purchase annuities in accordance with Section 5.05(b), a Member's right to transfer the Commuted Value of his or her pension in accordance with Sections 7.10 and 9.05 and a Spouse's or former Spouse's right to transfer benefits in accordance with Sections 11.04(b) and 15.03, all Plan obligations are to be paid from the Fund.
- (b) The Employer reserves the right to purchase an annuity, if it so elects, from a life insurance company licensed to do annuity business in Canada, in the amount and form of any pension described herein and as selected by the Member. Such

purchase will be in accordance with the Plan and Applicable Legislation. Delivery by the Employer of the annuity contract will constitute a complete discharge of all such Plan obligations to the extent permissible under Applicable Legislation.

ARTICLE 6
RETIREMENT DATES

6.01 Normal Retirement Date

For the purposes of the Plan, normal retirement date means the first day of the month coincident with or next following the Member's sixty-fifth (65th) birthday.

6.02 Early Retirement Date

If the Continuous Service of a Member terminates after the Member has both completed twenty-four (24) months of continuous Plan membership and attained age fifty-five (55) but before the Member's normal retirement date:

- (a) the Member will be considered to have retired early for the purposes of the Plan on an early retirement date which is the first day of the month coincident with or next following the date on which the Member's Continuous Service terminates; and
- (b) the Member will receive an early retirement pension in accordance with Section 7.02.

6.03 Special Early Retirement Date Applicable to Division 1 Members

If the Continuous Service of a Member who participates in Division 1 terminates after the Member has both completed ten (10) years of Continuous Service and attained age sixty-two (62) but before the Member's normal retirement date:

- (a) the Member will be considered to have retired early for the purposes of the Plan on a special early retirement date which is the first day of the month coincident with or next following the date on which the Member's Continuous Service terminates; and
- (b) the Member will receive a special early retirement pension in accordance with Section 7.03.

6.04 **Postponed Retirement Date**

If, under provincial law and the Employer's policy concerning retirement, a Member has remained in Continuous Service after normal retirement date, the Member may retire on the first day of any month after normal retirement date, which date will be the Member's postponed retirement date.

In no event will a Member's postponed retirement date be deferred beyond the end of the calendar year in which the Member attains age sixty-nine (69).

ARTICLE 7

RETIREMENT PENSIONS

7.01 Normal Retirement Pension

A Member who retires on normal retirement date in accordance with Section 6.01 will receive an annual pension, payable in the normal form as described in Article 8, of an amount equal to:

(a) Division 1 Members

if the Member has participated in Division 1, (i) plus (ii) as follows:

(i) either (A) or (B) as follows:

(A) the annual retirement income, if any, as set out in Schedule A in respect of Credited Service before the date specified in such Schedule A, if the Member was not a former member of the Kingston Plan; or

(B) forty percent (40%) of the Member's required contributions for Credited Service up to and including April 30, 1988, if the Member was a former member of the Kingston Plan; plus

(ii) (A) or (B) as follows:

(A) one and a quarter percent (1.25%) of the Member's Final Average Earnings up to the Average YMPE plus one and three quarters percent (1.75%) of the Member's Final Average Earnings over the Average YMPE multiplied by the Member's Credited Service after the date specified in Schedule A, if the Member was not a former member of the Kingston Plan; and

(B) one and four-tenths of a percent (1.4%) of Earnings up to the YMPE plus two percent (2.0%) of Earnings in excess of the YMPE, multiplied by the Member's Credited Service on and after May 1, 1988, if the Member was a former member of the Kingston Plan. "Earnings" for the purposes of this Section 7.01(a)(ii)(B) means the aggregate of all amounts paid to the Member by an Employer and/or Kingston Whig Standard including commissions,

but excluding expense allowances, overtime, and/or amounts paid for an extended work week or bonuses or any other special remuneration; and

(b) Division 2 Members

if the Member has participated in Division 2, fifty percent (50%) of the Member's required contributions made on and after October 5, 1995 in respect of the Member's Credited Service on and after October 5, 1995.

In no event will the benefit accrued in the Plan Year under this Section 7.01 result in an amount such as a "pension adjustment" (as defined under the Income Tax Act), or any other adjustment determined under the Income Tax Act, being inappropriate having regard to the provisions of the Income Tax Act and the purposes for which the amount is determined.

7.02 **Early Retirement Pension**

A Member who retires on an early retirement date in accordance with Section 6.02 will receive an annual pension as set out in Section 7.01 above, reduced as follows:

(a) Division 1 Members

if the Member participated in Division 1, by one-third of one percent (1/3%) for each complete month by which the date of:

- (i) the Member's pension commencement precedes the Member's normal retirement date; or
- (ii) in the case of a Member who has completed ten (10) years at the date of his or her retirement, the date the Member attains age sixty-two (62); and

(b) Division 2 Members

if the Member participated in Division 2:

- (i) one-third of one percent (1/3%) for each complete month by which the date of the Member's pension commencement precedes age sixty (60); and
- (ii) one-half of one percent (1/2%) for each complete month by which the date of the Member's pension commencement precedes normal retirement date to a maximum of sixty (60) months.

As an alternative to an immediate pension, the Member may elect to defer his or her pension at any time up to normal retirement date in which case the Member's pension will be determined in accordance with Section 7.01 and reduced or unreduced, as applicable, in accordance with this Section 7.02, depending on the date he or she elects to commence his or her pension.

7.03 **Special Early Retirement Pension Applicable to Division 1 Members**

A Member who participated in Division 1 and who retires on a special early retirement date in accordance with Section 6.03 will receive an unreduced annual pension determined in accordance with Section 7.01.

7.04 **Postponed Retirement Pension**

A Member who retires on a postponed retirement date in accordance with Section 6.04 will receive:

(a) **Immediate Commencement at Normal Retirement Date**

if the Member elects to commence receipt of a pension on normal retirement date, an annual pension equal to the pension calculated according to the formula in Section 7.01 based on the Member's Earnings and Credited Service at normal retirement date; or

(b) **Deferred Commencement With Further Accrual**

if the Member elects to postpone receipt of a pension and continue contributions to the Plan during a postponed retirement period, an annual pension, commencing on the Member's postponed retirement date, equal to the pension calculated according to the formula in Section 7.01 based on the Member's Earnings and Credited Service at postponed retirement date.

7.05 **Additional Voluntary Contributions**

In addition to any other retirement benefits payable under this Article 7, the Member is entitled to either:

(a) a refund of the Member's Additional Voluntary Contributions, plus Interest; or

(b) an annuity that can be purchased with the amount described in Section 7.05(a).

7.06 **Minimum Benefits With Respect to Required Contributions**

(a) Contribution Made Before January 1, 1987

Upon the earliest of the Member's retirement, death or termination of Continuous Service, the Commuted Value of the Member's pension for Credited Service before January 1, 1987 will be at least equal to the Member's required contributions made to the Former Plans before January 1, 1987 (to the extent such contributions have been transferred to this Plan), plus Interest.

(b) Contributions Made After 1986

If, upon the earliest of the Member's retirement, death or termination of Continuous Service:

- (i) the Member's required contributions made to the Plan and the Former Plans on and after January 1, 1987 (to the extent such contributions were transferred to this Plan), plus Interest, exceed
- (ii) fifty percent (50%) of the Commuted Value of the Member's pension:
 - (A) for Credited Service on and after January 1, 1987; plus
 - (B) for Credited Service before January 1, 1987 in respect of benefits accrued or granted to the Member by an amendment to the Plan or Former Plans, as applicable, made on and after January 1, 1988,

the Member, the Member's Spouse or Beneficiary, as applicable, will be entitled to a refund of the excess (referred to as "Excess Contributions").

7.07 **Maximum Pension**

Notwithstanding any other provision of this Plan to the contrary:

(a) Pre-1992 Service

the pension payable to a Member under this Plan in respect of pensionable service before January 1, 1992, including pensions payable under any other registered pension plan sponsored by the Employer and any pension payable to a Member's Spouse or former Spouse under Section 15.03, at retirement, termination of Continuous Service or termination of the Plan, will not exceed the Member's years of pensionable service before January 1, 1992 multiplied by the lesser of (i) and (ii) as follows:

- (i) One thousand, seven hundred and twenty-two dollars and twenty-two cents (\$1,722.22); and
- (ii) two percent (2%) of the average of the Member's best three (3) consecutive years' remuneration from the Employer.

This Section 7.07(a) will not apply to that portion, if any, of the pension derived from a Member's Additional Voluntary Contributions; and

(b) Post-1991 Service

the pension payable to a Member under this Plan in respect of each year of Credited Service after December 31, 1991, including any pension payable to a Member's Spouse or former Spouse under Section 15.03, at retirement, termination of Continuous Service or termination of the Plan, will not exceed the lesser of (i) and (ii) as follows:

- (i) One thousand, seven hundred and twenty-two dollars and twenty-two cents (\$1,722.22); and
- (ii) two percent (2%) of the Member's highest average indexed compensation (as defined in the Income Tax Act) in any three (3) non-overlapping periods of twelve (12) consecutive months.

The foregoing does not apply to benefits derived from Additional Voluntary Contributions and Excess Contributions determined under Section 7.06.

The maximum years of Credited Service for service before 1992 is thirty-five (35) years and the maximum aggregate years of Credited Service under the Plan for those who participate in Division 1 is thirty-five (35) years.

7.08 **Indexing**

The Company has the right, at its discretion, to grant increases to those Members who have commenced to receive their pensions, provided such increases comply with the Income Tax Act.

7.09 **Reduction of Benefits**

The Plan may be amended, at any time, by the Company to reduce the benefits provided under this Article 7 where such action is required to avoid the revocation of registration of the Plan under the Income Tax Act.

ARTICLE 8

NORMAL AND OPTIONAL FORMS

8.01 Normal Form

The normal form of pension payable under the Plan is an annuity payable in monthly installments for the life of the Member and, in any event, for a period of not less than sixty (60) months. If the Member dies before receiving sixty (60) monthly payments, the Member's Beneficiary will receive the Commuted Value of the remaining payments in a lump sum.

8.02 Statutory Form

The statutory form of pension payable under the Plan, for a Member who has a Spouse on the date pension payments commence, is a joint and survivor annuity payable in monthly installments of an adjusted amount for the life of the Member. After the Member's death, an annuity will be payable to the Member's Spouse for the Spouse's life in monthly installments equal to 60% of the amount of each monthly installment paid during the life of the Member. This joint and survivor annuity will be the Actuarial Equivalent of the normal form of pension described in Section 8.01.

8.03 Waiver of Joint and Survivor Form

A Member may elect to receive a pension in a form that provides for no monthly payments (or monthly payments less than the amount described in Section 8.02) to continue to his or her Spouse, provided the Employer receives a written waiver signed by the Member, and the Member's Spouse, acknowledging the Spouse's right to a pension upon the death of the Member and agreeing to waive that right.

The waiver is not effective unless it is delivered within the twelve (12)-month period immediately preceding the commencement of pension payments. The waiver may be revoked by written notice delivered before the commencement of pension payments.

8.04 Optional Forms Available

- (a) Subject to Sections 8.03 and 8.04(b) and in lieu of the normal form of pension described in Section 8.01 or the statutory form of pension described in Section 8.02, a Member may elect, before pension payments commence, one of the following optional forms of pension.

The form of payment elected will be the Actuarial Equivalent of the normal form of pension described in Section 8.01.

(i) Joint and Last Survivor

Under the joint and last survivor option, the Member receives an adjusted monthly pension payable for life and, after the Member's death, fifty percent (50%), seventy-five percent (75%) or one hundred percent (100%) of the monthly pension, as elected by the Member, will continue to the Member's Spouse or former Spouse.

(ii) Level Income Option

Under the level income option, the Member receives increased amounts of monthly pension until age sixty-five (65) and a reduced pension thereafter, in order to provide a level pension income from all sources throughout retirement.

(iii) Life With or Without a Guarantee

Under the life with or without a guarantee option, the Member receives a monthly pension payable for life and, if the Member elects a guarantee option, in any event, for a period of not less than one hundred and twenty (120) months or one hundred and eight (180) months. If the Member dies before receiving the number of guaranteed payments, if any, the Member's Beneficiary will receive the Commuted Value of the remaining payments in a lump sum

- (b) The Member will advise the Employer at least thirty (30) days before the Member's retirement date of the form of pension to be used to provide retirement benefits under the Plan. Section 8.01 or 8.02, as applicable, will apply where such advice is not provided by the Member.

ARTICLE 9

TERMINATION OF EMPLOYMENT

9.01 **Termination Before Vesting**

If a Member terminates Continuous Service for any reason other than death or retirement and before completing twenty-four (24) months of continuous Plan membership, the Member will receive a lump sum refund of the Member's required contributions made to the Plan, plus Interest.

9.02 **Termination After Vesting**

If a Member terminates Continuous Service for any reason other than death or retirement and after completing twenty-four (24) months of continuous Plan membership, the Member will receive a deferred pension, commencing at normal retirement date, in the amount calculated according to the formula in Section 7.01.

9.03 **Additional Voluntary Contributions and Excess Contributions**

Upon termination of Continuous Service for any reason other than retirement or death, a Member will receive a refund of the Member's:

- (a) Additional Voluntary Contributions, plus Interest; and
- (b) Excess Contributions determined in accordance with Section 7.06(b).

9.04 **Early Commencement of Deferred Pension**

If a Member terminates Continuous Service for any reason other than death or retirement and such member is entitled to receive a deferred pension under this Article 9, the Member may elect to commence receiving this pension on the first day of any month on or following attainment of age fifty-five (55) up to normal retirement date.

The amount of this pension will be:

- (a) the Actuarial Equivalent of the pension payable under Section 7.01(a), if the Member participates in Division 1; and
- (b) determined in accordance with Section 7.02(b), if the Member participates in Division 2

9.05 **Portability**

- (a) If a Member terminates Continuous Service before attaining age fifty-five (55), the Member may elect to have the Commuted Value of the deferred pension to which such Member is entitled under this Article 9:
 - (i) transferred directly to another pension plan, if the administrator of that pension plan agrees to accept the transfer;
 - (ii) applied to purchase an annuity contract, as prescribed by the Pension Benefits Act, from an insurance company licensed to transact business in Canada; or
 - (iii) transferred directly to any other vehicle permitted by Applicable Legislation including, but not limited to, a life income fund, a locked-in retirement fund and a locked-in retirement account.
- (b) The Employer will not permit a transfer or purchase under this Section 9.05 unless the Employer is satisfied that the transfer or purchase is in accordance with the Pension Benefits Act; and any restrictions in the Pension Benefits Act, with regard to the solvency of the Plan, have been met.
- (c) If the Commuted Value of a Member's pension exceeds such maximum amount as may be prescribed under the Income Tax Act, the amount transferred in accordance with this Section 9.05 will not exceed such prescribed maximum amount and the excess of the Commuted Value over the amount transferred will be paid to the Member in a lump sum payment.
- (d) A Member who is entitled to a refund of required contributions, Additional Voluntary Contributions and Excess Contributions under this Article 9 may elect to transfer the refunded amount directly to the Member's registered retirement savings plan.

Upon such a transfer or purchase, the Member will cease to be a Member and will have no further entitlement under the Plan in respect of such amount.

ARTICLE 10

BENEFICIARY DESIGNATION

10.01 **Beneficiary Designation**

A Member may designate, by written notice delivered to the Employer, a Beneficiary to receive any benefits payable on the death of the Member. A Member may revoke or amend such designation in the same manner at any time, subject to any applicable laws governing the designation of beneficiaries.

10.02 **No Beneficiary**

If a Member fails to validly designate a Beneficiary, or if the Beneficiary predeceases the Member, any benefits to the Member's Beneficiary will be paid to the estate of the Member in a lump sum.

10.03 **Death of a Beneficiary**

If a Beneficiary, as a result of a Member's death, is entitled to payments under the Plan and the Beneficiary dies before receiving any or all of the payments due to him, the Commuted Value of the remainder of the payments will be paid in a lump sum to the estate of the Beneficiary.

ARTICLE 11

DEATH BENEFITS

11.01 Death Before Pension Commencement – Non Vested

If a Member dies before the Member's pension commences and before completing twenty-four (24) months of continuous Plan membership, the death benefit payable under the Plan is equal to the Member's required contributions made to the Plan, plus Interest.

11.02 Death Before Pension Commencement - Vested

(a) Members Other than Kingston Whig-Standard Members

Subject to Section 11.02(b), if a Member dies before the Member's pension commences but after completing twenty-four (24) months of continuous Plan membership, the death benefit payable under the Plan is equal to the Commuted Value of the Member's accrued pension calculated according to the formula in Section 7.01.

(b) Former Kingston Whig-Standard Members

If a Member who was a former member of the Kingston Plan dies before his or her pension commences but after completing twenty-four (24) months of continuous Plan membership, the death benefit payable under the Plan is equal to (i) plus (ii) as follows:

- (i) a refund of such Member's required contributions, plus Interest, made prior to January 1, 1987; plus
- (ii) the Commuted Value of the Member's accrued pension calculated according to the formula in Section 7.01 in respect of Credited Service after December 31, 1986.

11.03 Death After Pension Commencement

If a Member dies after the Member's pension commences, any benefits payable under the Plan will be determined and payable in accordance with Article 8.

11.04 **Spousal Priorities and Payment Options**

- (a) Subject to Section 11.05, the benefits payable under Section 11.02 are payable to the Member's Spouse.
- (b) The surviving Spouse may elect to receive the benefit described in Section 11.04(a) in any of the following forms:
 - (i) as a lump sum payment;
 - (ii) as a direct transfer to any other vehicle permitted by Applicable Legislation including, but not limited to, a registered retirement savings plan, a life income fund or a locked-in retirement account; or
 - (iii) as an immediate or deferred life annuity in an amount which can be provided by the amount in Section 11.04(b)(i), which annuity will commence before the Spouse's sixty-ninth (69th) birthday or, if later, within one year after the death of the Member. The annuity may be guaranteed for a period not exceeding fifteen (15) years.

If the Spouse does not make an election under this Section 11.04(b) within ninety (90) days of being advised of the entitlement under this Section, the Spouse will be deemed to have elected the immediate annuity described in Section 11.04(b)(iii).

11.05 **Spousal Waiver**

The Member's Spouse may waive the Spouse's entitlement under this Article 11 in a manner and in the form prescribed by the Pension Benefits Act.

11.06 **Death Benefit Payable to a Non-Spouse Beneficiary and Payment Options**

The benefit payable under Section 11.01 is payable to the Member's Beneficiary in a lump sum. If the Member does not have a Spouse at the date of death (or having a Spouse, the Member and the Spouse have waived the Spouse's entitlement in accordance with Section 11.05), the benefit payable under Section 11.02 is also payable to the Member's Beneficiary in a lump sum.

11.07 **Additional Voluntary Contributions and Excess Contributions**

In addition to any other death benefits payable under this Article 11:

- (a) the Member's Beneficiary is entitled to a refund of the Member's Additional Voluntary Contributions, plus Interest; and
- (b) the Member's Spouse or, if no Spouse, the Member's Beneficiary is entitled to a refund of any Excess Contributions determined under Section 7.06(b).

ARTICLE 12

TRANSFER PROVISIONS

12.01 Transfer to the Plan

(a) Transfer Without Funds

Subject to Section 12.01(b), if an employee of a Canadian Affiliated Company is transferred to a category of employment such that the individual becomes an Employee for purposes of the Plan, such Employee may become a Member of the Plan upon the date of transfer of employment. In the event the Employee becomes a Member upon the date of transfer, any benefit paid from the Plan will be calculated on the basis of:

- (i) the Member's Credited Service accrued from date of transfer;
- (ii) the Member's Continuous Service, including the Member's employment with the Affiliated Company, for the purpose of vesting, locking-in and eligibility for early retirement benefits under Sections 6.02 and 6.03;
- (iii) The Member's Plan membership, including participation in another registered pension plan sponsored by the Affiliated Company, for the purpose of vesting and locking-in; and
- (iv) the Member's Final Average Earnings, based on earnings received by the Member from the Employer only.

In the event the Employee does not join the Plan upon the date of transfer, the individual will be considered a new Employee for all purposes of the Plan.

(b) Transfer With Funds

If an employee of a Canadian Affiliated Company is transferred to a category of employment such that the individual becomes an Employee for purposes of the Plan, the Company may enter into an agreement with the Affiliated Company to permit the Fund to receive a transfer from the fund of the other registered pension plan, as at the date of transfer of membership, of an amount equal to the Commuted Value of the benefits accrued to the date of transfer by the new Member under the Affiliated Company's pension plan. Where such a transfer of funds has occurred, the Member's credited service, plan membership and earnings

under the Affiliated Company's pension plan will be deemed to be Credited Service, Plan membership and Earnings under the Plan, as determined by the Company.

12.02 Transfers Out of the Plan

(a) Transfer Where Joining an Affiliate's Plan

Subject to Section 12.02(b), if a Member of the Plan is transferred to a Canadian Affiliated Company and ceases to be an Employee for the purposes of the Plan, the Member's participation in the Plan will cease, provided such Member is eligible to join the Affiliate Company's pension plan. No benefits will be payable from the Plan until such time as the Member subsequently retires, terminates or dies.

Benefits payable under the Plan will be calculated on the basis of:

- (i) the Member's Credited Service accrued to date of transfer;
- (ii) the Member's Continuous Service, including employment with the Affiliated Company, for the purpose of vesting, locking-in and eligibility for early retirement benefits under Sections 6.02 and 6.03;
- (iii) the Member's Plan membership, including membership in any pension plan sponsored by the Affiliated Company, for the purpose of vesting and locking-in;
- (iv) the Member's Earnings and Final Average Earnings, where applicable, based on earnings received by the Member from the Employer only. Notwithstanding the foregoing, if the Member becomes a member of another registered pension plan of the Affiliated Company to which an Employer also contributes in respect of the Member, earnings received by the Member from such Affiliated Company will be deemed to be Earnings and Final Average Earnings, where applicable, under the Plan; and
- (v) the terms of the Plan in effect at the Member's date of transfer.

(b) Election to Terminate

If a Member of the Plan is transferred to a Canadian Affiliated Company and ceases to be an Employee for the purposes of the Plan, the Member may elect to

terminate employment at the date of transfer and receive benefits in accordance with Article 9.

12.03 **Transfers Between Participating Companies**

If a Member of the Plan is transferred to a Canadian Affiliated Company and the Affiliated Company participates in the Plan, the Member's participation in the Plan will continue as if no transfer had taken place, except that the Affiliated Company will be responsible for making contributions, where required, under Section 3.04 in respect of the Member's benefits accrued from the date of transfer.

12.04 **Transfers to Foreign Service**

Notwithstanding any other provisions of this Plan, a Member's Continuous Service outside Canada with an Employer or an Affiliated Company may, at the discretion of the Company, constitute Continuous Service and Credited Service for the purposes of this Plan, subject to the requirements under the Income Tax Act.

12.05 **Transfer Between Divisions**

If an Employee who is a Member participating in one Division of the Plan (the "Predecessor Division") transfers in employment such that he becomes eligible to participate in the other Division (the "Successor Division"), such Member will cease accruing benefits in accordance with the provisions of the Predecessor Division as of his or her transfer date and will commence accruing benefits in accordance with the Successor Division as of the transfer date. Any benefit paid from the Plan will be calculated on the basis of:

- (a) the Member's Credited Service accrued before the date of transfer multiplied by the benefit formula under the Predecessor Division as at the transfer date; plus the Member's Credited Service after the date of transfer multiplied by the benefit formula under the Successor Division as at the Member's subsequent death, termination or retirement;
- (b) the Member's Continuous Service with all Employers, for the purpose of vesting, locking-in and eligibility for early retirement benefits under Sections 6.02 and 6.03; and
- (c) the Member's Final Average Earnings determined at the Member's subsequent death, termination or retirement.

ARTICLE 13

ADMINISTRATION OF THE PLAN

13.01 Responsibility for Administration

The Administrator of the Plan will be the Company. The Company:

- (a) will be responsible for all matters relating to the administration of the Plan;
- (b) may delegate such matters as it deems appropriate to be performed by one or more agents;
- (c) will decide conclusively all matters relating to the operation, interpretation and application of the Plan, subject to any delegations under Section 13.01(b); and
- (d) may enact rules and regulations relating to the administration of the Plan to carry out the terms hereof and may amend such rules and regulations from time to time, subject to any delegations under Section 13.01(b). Such rules and regulations will not conflict with any provision of the Plan.

13.02 Information to Members

The Employer will provide each Member with a written explanation of the terms and conditions of the Plan and amendments applicable to the Member, together with an explanation of the rights and duties of the Member with reference to the benefits available to the Member under the terms of the Plan. The Employer will also provide the Member, Employee, Spouse or any other authorized individual with such other information as may be prescribed under the Pension Benefits Act.

A copy of the Funding Agreement and other documents prescribed by the Pension Benefits Act may be examined by any Member of the Plan (or by any other individual with an interest in the Plan that is recognized under the Pension Benefits Act) at any reasonable time at the head office of the Employer or such other location as may be prescribed by the Pension Benefits Act.

13.03 Limitation of Liability

Notwithstanding anything in the Plan to the contrary, the Employer will not be liable to any person whatsoever because of any acts, omissions to act, mistakes, negligence or errors in judgment either by the Employer or by any person appointed or employed by it

or providing service to it in connection with its functions hereunder, except for any claims, demands and proceedings arising from any act or omission which is due to willful misconduct, fraud or lack of good faith by the Employer or such persons or any one of them.

The Employer in relation to this Plan or any action hereunder, may act on the opinion, advice or information obtained from any actuary, lawyer, banker, auditor, accountant or other expert and will not be in any way responsible for any loss occasioned by so acting.

13.04 **Indemnification**

If the Company delegates all or some of its powers of administration to an employee or employees of an Employer, the Company will defend, save harmless and fully indemnify such employee or employees, as applicable, their heirs, executors, administrators, successors and legal representatives, as applicable, at all times from and against all claims and demands of every nature and kind and all proceedings in respect thereof which may be made or brought against them, or any one of them, on behalf of any Member or a Member's Spouse, heirs, executors, administrators and beneficiaries.

The indemnification includes all costs, disbursements, legal fees and all other expenses reasonably incurred or occasioned in connection therewith, save and except for any claims, demands and proceedings arising from any act or omission which is due to willful misconduct, fraud or lack of good faith by such employees, or any one of them, as applicable.

ARTICLE 14
FUTURE OF THE PLAN

14.01 **Right to Amend or Terminate the Plan**

The Company reserves the right to amend or discontinue the Plan, in whole or in part, which right also includes (but is not limited to) the right to:

- (a) split the Plan;
- (b) merge or consolidate the Plan with any other pension plan adopted by an Employer;
- (c) convert the Plan; and
- (d) transfer any assets or liabilities of the Plan to any other pension plan adopted by an Employer,

subject to the requirements of Applicable Legislation.

14.02 **Amendment of the Plan**

Subject to Section 7.09, no amendment will operate to reduce the pension benefits which have accrued to any Member before the date of such amendment, based on Earnings at the date of the amendment.

Where an amendment results in a certifiable "past service pension adjustment" (as defined under the Income Tax Act) in respect of a Member, the amendment will not apply to such Member prior to certification of such past service pension adjustment in accordance with the Income Tax Act.

14.03 **Termination of the Plan**

- (a) If the Plan is wound up, in whole or in part, the assets of the Fund will be allocated for provision of benefits in accordance with the terms of the Plan and Applicable Legislation.
- (b) If the Plan is wound up, in whole or in part, Employers affected by such total or partial wind-up will not make further contributions to the Fund in respect of the Plan or the portion of the Plan being wound up, as applicable, except for amounts

due or that have accrued up to the effective date of the wind-up and which have not been paid into the Fund as required by the Plan and the Pension Benefits Act.

- (c) Subject to the application of the Guarantee Fund (as defined in the Pension Benefits Act), if the Plan is wound up, in whole or in part, and the assets in the Fund are not sufficient to pay all the benefits under the Plan or the portion of the Plan being wound up, as applicable, the benefits payable will be reduced in the manner prescribed by the Pension Benefits Act.

14.04 **Wind-up or Bankruptcy of an Employer**

- (a) If an Employer is wound up or becomes bankrupt, its successors and assigns or the liquidator or trustee in bankruptcy of the Employer, as applicable, in consultation with the Actuary will distribute the assets of the Fund or a portion of the Fund attributable to that Employer in accordance with the terms of the Plan and Applicable Legislation.
- (b) The provisions of Section 14.03(b), (c) and 14.05 also apply in connection with a distribution under Section 14.04(a).
- (c) No liability will attach to the Employer, the liquidator or to the trustee in bankruptcy, as applicable, in connection with a distribution under Section 14.04(a) unless such distribution is made in bad faith.

14.05 **Wind-up Surplus**

If, after provision for benefits payable to or in respect of Members on the wind-up of the Plan, in whole or in part, assets remain in the Fund or the part of the Fund affected by a partial wind-up, such assets will or may be refunded to the Employer, subject to Applicable Legislation.

ARTICLE 15

GENERAL PROVISIONS

15.01 Frequency and Timing of Pension Benefits

Unless specified otherwise, payments under the Plan will be payable monthly upon the first day of the month in which they fall due. Where such payments are subject to termination on death, attainment of a specific age or loss of eligibility ("termination event"), the last monthly payment will be payable on the first day of the month in which the termination event occurs.

15.02 Non-Alienation

Except as specified in Sections 15.03 and 15.04, money payable under the Plan is subject to the following restrictions:

(a) Void Transactions

any transaction that purports to assign, charge, anticipate, surrender or give as security a Member's right or interest under the Plan, or money payable under the Plan, is void; and

(b) Exemption from Seizure

money payable under the Plan is exempt from execution, seizure or attachment;

15.03 Alienation of Benefits on Marriage Breakdown

(a) Support Obligations

Upon the breakdown of the spousal relationship, payments under the Plan are subject to execution, seizure or attachment in satisfaction of a court order for support or maintenance enforceable in Ontario or another relevant jurisdiction, in accordance with the Pension Benefits Act.

(b) Division of Property

Upon the breakdown of the spousal relationship, a Member may assign all or a portion of the Member's benefits and rights under the Plan to a Spouse or former Spouse, pursuant to a written contract or court order within the limits imposed by the Pension Benefits Act.

(c) Timing and Method of Payments

Where a Member's former Spouse is entitled to a benefit on marriage breakdown, such benefit is payable at the earliest of the Member's death, termination from Continuous Service, normal retirement date or pension commencement date and is payable in the following forms:

- (i) as a lump sum or as a transfer to a registered retirement savings plan, if the Member is not locked-in; and
- (ii) as a transfer to a locked-in registered retirement savings plan, a locked-in retirement arrangement, a life income fund or a life retirement income fund, if the Member's benefit is locked-in.

15.04 Shortened Life Expectancy

Notwithstanding the locking-in provisions of the Plan, if a Member provides evidence from a qualified medical doctor to the Company that his or her life expectancy is considerably shortened by reason of critical illness or disability to less than two (2) years, the Company may permit payment of the Commuted Value of the Member's pension in a lump sum or may provide for payment of the pension in quarterly or annual installments, subject to the Spouse, if any, agreeing to waive his or her rights, all in accordance with Applicable Legislation.

15.05 Rights of Employees

- (a) Subject to the provisions of the Pension Benefits Act, no Member will have any right or interest, whatsoever, in any portion of the Fund or any right to pension benefits, hereunder, except as provided in the Plan and to the extent of the assets of the Plan.
- (b) The establishment of the Plan will not constitute an enlargement of any rights an Employee might otherwise have as to tenure, retention of employment with the Employer, continuity of work, advancement in employment or any particular job.

15.06 Small Benefit Rule

If the annual pension payable to a Member is less than two percent (2%) of the YMPE in the year that such Member retires, dies or otherwise terminates from Continuous Service, the Employer may direct that the pension be paid in quarterly, semi-annual or annual

installments or that the Commuted Value of the pension be paid in a single lump sum, subject to Applicable Legislation.

15.07 **Incompetence**

If the Employer determines that any person entitled to any payment hereunder is incompetent by any reason of physical or mental disability or age and consequently unable to give a valid receipt, the Employer may cause any payment due to such person to be made to his or her legally appointed guardian, committee or other representative of the estate of such payment on his or her behalf. Payment made pursuant to this Section 15.07 will operate as a complete discharge of the responsibility of the Funding Agent, the Employer, the Plan and the Fund.

15.08 **Information to be Provided Before Benefits are Paid**

Payment of benefits will not be made until the person entitled to payment of the benefits delivers to the Employer:

- (a) satisfactory proof of age of the person and other persons who may become entitled to payment of the pension; and
- (b) any such other information as may be required to calculate and pay the benefits, including a signed declaration of marital status, if applicable.

15.09 **Employer Records**

Whenever the records of the Employer are used for purposes of the Plan, such records will be conclusive as to the facts with which they are concerned.

15.10 **Construction**

The Plan will be governed and construed in accordance with the laws of Ontario. To the extent of the inconsistency, any provision of the Funding Agreement that is inconsistent with the terms of the Plan will be of no force or effect.

15.11 **Severability**

If any provision of the Plan is held to be invalid or unenforceable by a court of competent jurisdiction, its invalidity or unenforceability will not affect any other provision of the Plan and the Plan will be construed and enforced as if such provision had not been included therein.

15.12 **Captions and Headings**

The captions, headings and table of contents of this Plan are included for convenience of reference only and will not be used in interpreting the provisions of the Plan.

15.13 **Articles and Sections**

"Article" or "Articles" means an article or articles as defined in the table of contents and "Section" or "Sections" means a specific provision or provisions within an Article or Articles, as applicable.

15.14 **Currency**

All benefits payable under the Plan will be paid in the lawful currency of Canada.

\\OZ\USR\SHARED\PO\Osprey\Plantext.doc

SCHEDULE A
BENEFITS ACCRUED UNDER PRIOR PLANS