

**CANADIAN BANK NOTE COMPANY, LIMITED**

**EMPLOYEES' PENSION PLAN**

(As amended and restated effective September 1, 2014)

September 2014

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## **PART I – GENERAL PLAN PROVISIONS**

### **SECTION I - FOREWORD**

- 1.01 The Employees' Pension Plan of Canadian Bank Note Company, Limited was established effective July 1, 1957 to provide retirement benefits for the employees of the Company.
- 1.02 The Plan has been amended from time to time since July 1, 1957. The last restatement was effective April 1, 2002, in which the Plan was amended to include a defined contribution provision, as well as to incorporate all amendments necessary for compliance with the requirements of the Income Tax Act and Applicable Legislation.
- 1.03 The defined contribution provision applies to all new Participants who join the Plan after March 31, 2002. Employees who were Participants of the Plan on March 31, 2002, and at least 58 years of age shall continue to accrue benefits on a defined benefit basis. Those Employees who were Participants on March 31, 2002, and were at least 45 years of age but less than 58 years of age and have at least 10 years of Continuous Service were permitted to elect to participate in the defined contribution provision for all years of service with or without a guaranteed minimum pension on retirement (provided as a defined benefit pension with a defined contribution offset). All other Employees who were Participants on March 31, 2002, were permitted to elect to participate in the defined contribution provision of the Plan, or remain in the defined benefit provision. Any Employee who elected to participate in the defined contribution provision shall do so on both a past service and future service basis.
- 1.04 The terms of the Plan as restated shall apply to Participants who retire, terminate employment, or die on or after September 1, 2014.

Benefits payable to and in respect of Participants who retired, terminated their employment, or died before September 1, 2014 shall be governed by the provisions of the Plan as then in effect, unless otherwise expressly provided herein and in accordance with Applicable Legislation.

- 1.06 This Plan, as amended from time to time, shall remain in effect, except as otherwise provided herein, subject to the continued registration thereof by the relevant tax authorities and as required under any Applicable Legislation.

## **SECTION II - DEFINITIONS**

The following words and phrases, as used herein, shall have the meaning specified below, unless a different meaning is plainly required by the context.

- 2.01 "Accumulated Contributions" means the sum of a Participant's required contributions to the defined benefit portion of the Plan, together with interest as determined under Section 7.05 [Interest on Participant Contributions].
- 2.02 "Actuarial Equivalent" means, with respect to a benefit, its equivalence in terms of the same or another benefit as determined by the Plan Actuary, subject to the restriction under Section 5.11 [Discrimination by Sex].
- 2.03 "Additional Voluntary Contributions" means contributions made in accordance with Section 7.02 [Participant's Additional Voluntary Contributions], 15.03 [Participant's Additional Voluntary Contributions] or 23.01 [Non-Participant Voluntary Contributions].
- 2.04 "Administrator" means the Employer, but only when it is acting in a capacity appropriate to perform the functions and duties set out in the Applicable Legislation as are required to be performed by the administrator (as that term is defined in the Applicable Legislation) and to perform the functions and duties assigned in the Plan to the Administrator from time to time.

The Employer as Administrator, through appropriate action of the board of directors of the Employer may delegate any or all of the functions and duties assigned to the Administrator in the Plan or in the Applicable Legislation to the Pension Administration Committee, one or more of the officers of the Employer or such other person or persons as it may identify from time to time subject to the requirements of Applicable Legislation and the limitations on delegation prescribed by the applicable Business Corporations Act.

- 2.05 "Applicable Legislation" means the Pension Benefits Act (Ontario), as amended, or any future pension legislation that replaces it, as enacted by the Province of Ontario from time to time, and where appropriate, similar legislation adopted by any other Province, and the regulations issued under any such legislation.
- 2.06 "Average Compensation":
- (a) subject to the following, Average Compensation at any date means:
    - (i) the Participant's highest annual average Compensation in any five consecutive years, or

- (ii) in respect of a Participant who has been in the Plan for a period of less than five years preceding such date, the annual average Compensation during the period as a Participant.
- (b) For Participants who are not Full-Time Employees, Average Compensation shall be calculated after an annualizing adjustment to the Participant's Compensation for each Plan Year that such Participant is employed. The Participant's Compensation for a Plan Year is multiplied by the ratio of 1820 hours to the Participant's actual regular hours worked during the year.
- (c) While a Participant is participating in a Period of Work-Sharing, the Participant's Compensation during such period, for the purposes of calculating the Average Compensation of the Participant, shall be deemed to be equal to the rate of Compensation of the Participant immediately before the commencement of the Period of Work-Sharing.
- (d) For the purpose of determining Average Compensation for any Participant in any 5 year period or less than 5 year period, if the Participant had a period or periods of leave without pay of up to 52 weeks, the amount of Average Compensation shall be determined without regard to such periods.

2.07 "Beneficiary" means any person or persons designated by a Participant, Former Participant, or Pensioner in such form and manner as the Administrator may prescribe, to receive amounts payable pursuant to Section XIV [DB Death Benefits] or XIX [DC Death Benefits] if such person or persons survive the Participant, Former Participant, or Pensioner, as the case may be. Such designation may be revoked or amended by the Participant, Former Participant, or Pensioner at any time in similar manner and form, subject to the terms of the Plan and any applicable laws governing the designation of beneficiaries.

A Participant employed in Quebec may, by written notice filed with the Administrator during his lifetime, designate or appoint a Beneficiary to receive any payments payable under the Plan. The written notice shall contain a statement as to whether the designation is to be revocable or irrevocable. Effective January 1, 1992, where a designation has been made, other than by will, with no statement as to revocability, the designation shall be irrevocable if the Beneficiary is the Spouse and revocable if the Beneficiary is other than the Spouse.

2.08 "Commutated Value" means the value at any specified date, calculated in the manner prescribed by the Applicable Legislation and subject to the Income Tax Act, of any benefit to which a person is or will become entitled to under the Plan.

2.09 "Company" means the Employer when it is acting in its personal capacity and in its own best interests, and, except for the function set out in the Applicable Legislation of acting as administrator, this shall include the Employer acting in a capacity appropriate to perform any duties or functions specified in the Applicable Legislation to be duties or functions of the employer (as that term is defined in the Applicable Legislation) or set out in the Plan from time to time to be duties or functions of the Company, and it shall also include all actions taken by the Employer which are not actions specified in the Plan or in Applicable Legislation to be actions of the Administrator.

The Employer as Company, through appropriate action of the board of directors of the Employer, may delegate any or all of the functions and duties assigned to the Company and the Employer in the Plan and the Applicable Legislation respectively, to one or more of the officers of the Employer or such other person or persons as it may identify from time to time subject to the requirements of Applicable Legislation and the limitations on delegation prescribed by the applicable Business Corporations Act.

2.10 "Compensation" for any year means the regular salary received by an Employee for service with the Company in that year. Salary and wages shall exclude overtime pay, shift premiums, bonuses, pensions, such commissions as the Company determines are not to be included, (calculated as described above), and any other form of additional or special compensation.

For an Employee employed by McAra Printing, Compensation for a given year means the income reported on the Employee's T4 form for the prior year, excluding any taxable benefits. However, for an Employee who does not have a full year of earnings for the prior year, Compensation in the year shall mean the regular salary received by the Employee for service in that year.

For the purposes of calculating the *pension adjustment* of a Participant for a Plan Year during which the Participant experienced a *period of disability* or a *qualifying period*, including the periods of leave identified in Sections VIII [DB Service Interruptions] and XXI [DC Service Interruptions], the "Compensation" of the Participant for such Plan Year shall include amounts prescribed under Section 8507 of the Regulations to be included in the *compensation* of the Participant.

2.11 "Continuous Service" means the period of continuous employment of an individual as an Employee without regard to any period, not exceeding 52 weeks, of temporary suspension of employment, with or without pay, subject to Sections 3.10 [Re-employment Before Retirement], VIII [DB Service Interruptions], XX [DC Service with Subsidiaries], and XXI [DC Service Interruptions].

2.12 "Credited Service"

- (a) Credited Service, subject to subsections (c) and (d), means the number of years (completed months shall constitute a fraction of a year) of Continuous Service while a Participant plus the period of service determined under Section 9.03(a) [Past Service Retirement Income], excluding periods of leave without pay and layoffs, subject to Section VIII [DB Service Interruptions].
- (b) For Participants who are not Full-Time Employees, Credited Service for each Plan Year will be determined by dividing the Participant's actual regular hours worked during the year by 1820 hours. The ratio so determined shall not exceed 1. Regular hours worked excludes overtime hours.
- (c) The aggregate unpaid leave of a Participant that is included in Credited Service in respect of periods prior to January 1, 1992 shall be limited, where required pursuant to the Income Tax Act, to a maximum full-time equivalent of two years if not due to union business, and a maximum full-time equivalent of three years if due to union business.
- (d) In respect of *periods of temporary absence or reduced pay* occurring after December 31, 1991, the aggregate Credited Service granted pursuant to the terms of this Plan is limited to a maximum full-time equivalent of eight years provided that not more than five of those eight years are credited in respect of absences that are not within the 12 month period following the birth or adoption of a child of the Participant.

2.13 "DB Guarantee" means the defined benefit guarantee which may be elected by a Participant in accordance with Section XXII [DB Guarantee Provision] of the Plan.

2.14 "Early Retirement Age" means the age at which a person retires before reaching Normal Retirement Age.

2.15 "Effective Date" means the effective date of the Plan, namely July 1, 1957.

2.16 "Employee" means a person who is in the employment of the Company (but not a director as such). An employee who is absent from full-time or part-time employment on approved leave of absence shall be deemed to be an Employee during the period of such approved leave of absence.

Effective April 1, 2002, persons employed at the gsi or WANN divisions and non-unionized persons employed at the McAra division are considered "Employees".

2.17 "Employer" means Canadian Bank Note Company, Limited.

- 2.18 "Employer Contribution Account" means the individual defined contribution account set up to receive the Employer's contribution made on behalf of a Participant.
- 2.19 "Enhanced Contributions" means contributions made in accordance with Section 15.02 [Participant's Enhanced Contributions].
- 2.20 "Entry Date" means, in respect of periods prior to January 1, 1994, July 1, 1957 or any succeeding January 1st or July 1st, and in respect of periods on and after January 1, 1994, the 1st day of the month.
- 2.21 "Former Participant" means an Employee who has terminated employment or transferred pursuant to Section VIII [DB Service Interruptions] or XX [DC Service with Subsidiaries] and who retains an entitlement to receive a benefit under the Plan.
- 2.22 "Full-Time Employee" means a Participant who normally works 52 weeks in a year, inclusive of authorized vacation periods and sick leave, and who normally works more than 30 regular hours each week. Regular hours worked excludes overtime.
- 2.23 "Fund" means the assets which are held and administered by the Funding Agency under the terms of the Funding Agreement. The Fund is divided into two parts, a defined benefit portion composed of assets to fund the defined benefit liabilities of the Plan and the defined contribution portion, which is comprised of individual Participant Accounts.
- 2.24 "Funding Agency" means the trust or insurance company or companies licensed to do business in Canada and successors thereof as the Company may appoint from time to time to hold, administer and invest the Fund.
- 2.25 "Funding Agreement" means the agreement or agreements entered into between the Company and the Funding Agency for the purposes of establishing and maintaining the Fund.
- 2.26 "Income Tax Act" means the Income Tax Act (Canada) and the Regulations thereunder, as amended from time to time.
- 2.27 "Non-Participant Voluntary Account" means the individual defined contribution account set up to receive the Additional Voluntary Contributions of an Employee who is not a Participant in accordance with Section 23.01 [Non-Participant Voluntary Contributions].
- 2.28 "Normal Retirement Age" means the exact age of 65 years, occurring on the Participant's birthday.

- 2.29 "Normal Retirement Date" means the first day of the month next following the attainment of the Normal Retirement Age, provided, however, that the Normal Retirement Date of any Participant who has reached the Normal Retirement Age prior to July 1, 1957 shall be July 1, 1957.
- 2.30 "Normal Retirement Pension" means the pension to which the Participant is entitled on the Normal Retirement Date as determined in accordance with Section IX [DB Normal Retirement and Maximum Pension] or XVI [DC Retirement Pension].
- 2.31 "Participant" means an Employee who has been enrolled in the Plan and whose participation has not been terminated.
- 2.32 "Participant Accounts" means an individual Participant's Participant Contribution Account and Employer Contribution Account and Participant Voluntary Account.
- 2.33 "Pension Administration Committee" means any committee appointed by the Administrator to assist in the administration of the Plan as contemplated in Section 2.04 ["Administrator"].
- 2.34 "Participant Contribution Account" means the individual defined contribution account set up to receive the Participant's Required Contributions, and Enhanced Contributions.
- 2.35 "Participant Voluntary Account" means the individual defined contribution account set up to receive:
- (a) the Participant's Additional Voluntary Contributions in accordance with Section 7.02 [Participant's Additional Voluntary Contributions] or 15.03 [Participant's Additional Voluntary Contributions] and any amount transferred from the Non-Participant Voluntary Account in accordance with Section 23.05. Such contributions shall be deposited into the not locked-in portion of the Participant's Voluntary Account.
  - (b) the portion of the Commuted Value of the defined benefit pension attributable to the "50% Cost-Sharing Rule" as set out in paragraph (c) of Section 3.01 [Participants on March 31, 2002]. Such contributions shall be deposited into the partially locked-in portion of the Participant's Voluntary Account.
  - (c) transfer of funds from another registered plan, which may include locked-in funds. Locked-in funds will be deposited into the locked-in portion of the Participant's Voluntary Account.
- 2.36 "Pensioner" means a Former Participant for whom payment of a pension under the Plan has

commenced.

- 2.37 "Period of Work-Sharing" means a Company-approved temporary period of reduced compensation, with or without a reduction of work days or hours.
- 2.38 "Plan" means the pension plan set forth herein and as amended from time to time which shall be known as the Employees' Pension Plan for Canadian Bank Note Company, Limited.
- 2.39 "Plan Actuary" means a Fellow of the Canadian Institute of Actuaries or firm employing at least one Fellow of the Canadian Institute of Actuaries appointed by the Company to render actuarial services to it for purposes of the Plan.
- 2.40 "Plan Year" means the fiscal year of the Fund, which is on a calendar year basis.
- 2.41 "Regulations" means the Regulations issued under the Income Tax Act (Canada), as amended from time to time.
- 2.42 "Required Contributions" means contributions made in accordance with Section 15.01 [Participant's Required Contributions].
- 2.43 "Spouse", at the time a determination is required, means the following:
- (a) in the case of a Participant employed in Ontario, a person who:
    - (i) is married to the Participant and is not living separate and apart from the Participant, or
    - (ii) is not married to the Participant but has been living with the Participant in a conjugal relationship,
      - (1) for a continuous period of three years or more, or
      - (2) in a relationship of some permanence, if such individual and the Participant are the natural or adoptive parents of a child.
  - (b) in the case of a Participant employed in Quebec, a person who:
    - (i) is married to the Participant at the relevant time, or
    - (ii) if there is no person to whom subsection (i) applies, a person who has been living with the Participant in a conjugal relationship,

- (1) for a continuous period of three years or more, or
- (2) for a continuous period of one year or more if such individual and the Participant are the natural or adoptive parents of a child, or
- (iii) is in a civil union with the Participant and has cohabitated in a conjugal relationship for a period of at least one year.

A person who, on the date of retirement, was a “Spouse” within one of the meanings indicated above, loses this qualification when a judgement of divorce, annulment of marriage or separation from bed and board is pronounced between them, or when, in the case of a person who was living in a conjugal relationship with the Participant, this person and the Participant cease to live together after the date of retirement. The Participant may continue the recognition of a Spouse after a divorce, annulment, or separation by submitting written notice to the Administrator.

- (c) in the case of a Participant employed in Alberta, a person who:
  - (i) is married to the Participant and has not been living separate and apart from the Participant for a continuous period longer than 3 years;
  - (ii) if subparagraph (a) does not apply, has been living with the Spouse in a marriage-like relationship
    - (A) for a continuous period of at least 3 years preceding the date, or
    - (B) of some permanence, if there is a child of the relationship by birth or adoption.

2.44 "YBE" means the Year's Basic Exemption and is equal to 1/10th of the Year's Maximum Pensionable Earnings rounded down to the nearest 100, or as otherwise determined under the provisions of the Canada Pension Plan.

2.45 "YMPE" means the Year's Maximum Pensionable Earnings as defined in the Canada Pension Plan.

Words importing one gender include the other and words importing the singular include the plural, or vice versa, as the context requires.

Phrases or words enclosed by square brackets are for reference purposes only, and do not limit or extend the meaning of any of the Plan's provisions.

### **SECTION III - ELIGIBILITY AND PARTICIPATION**

#### 3.01 Participants on March 31, 2002

- (a) Subject to the following, Employees who were Participants on March 31, 2002 were treated as follows:
- (i) Participants who were at least 58 years of age on March 31, 2002  
Participants who were at least 58 years of age on March 31, 2002, shall continue to accrue benefits subsequent to March 31, 2002 on a defined benefit basis in accordance with Part II of the Plan.
  - (ii) Participants who were at least 45 years of age on March 31, 2002  
Participants who were at least 45 years of age but less than 58 on March 31, 2002, and having at least 10 years of Continuous Service were permitted to elect to accrue benefits subsequent to March 31, 2002 on a defined contribution basis in accordance with Part III of the Plan with or without the DB Guarantee for all service.
  - (iii) All other Participants  
All other Participants were permitted to elect to accrue benefits subsequent to March 31, 2002 on a defined contribution basis in accordance with Part III of the Plan without the DB Guarantee for all service.
- (b) Any Participant on March 31, 2002, who did not elect to accrue benefits on a defined contribution basis at the time shall continue to accrue benefits on a defined benefit basis.
- (c) The Commuted Value of the defined benefit pension of a Participant who elected to participate in Part III of the Plan was determined by the Actuary as at March 31, 2002, and transferred to the Participant's Participant Accounts according to the next paragraph.

The excess of the Commuted Value of the defined benefit pension over the Participant's Accumulated Contributions to March 31, 2002, was deposited into his Employer Contribution Account. The portion of the Commuted Value of the defined benefit pension attributable to the "50% Cost-Sharing Rule", was deposited into the partially locked-in portion of his Participant Voluntary Account. The remaining portion of the Commuted Value of the defined benefit pension was deposited into his Participant Contribution Account.

3.02 Full-Time Employees

- (a) Each Employee who is hired on a full-time basis shall be eligible to become a Participant on the Entry Date next following the date on which he has completed one full year of Continuous Service with the Company.
- (b) Notwithstanding the preceding subsection, each such Employee shall become a Participant on the Entry Date next following the date on which he has satisfied the following eligibility requirements:
  - (i) he has completed one full year of Continuous Service with the Company, and
  - (ii) he has reached his 25th birthday.
- (c) The Employer may, at its discretion, allow an Employee to opt out of participation in the Plan. Such an Employee shall be required to complete a waiver form as prescribed by the Employer.

3.03 Part-Time Employees

Each Employee in the service of the Company on a part-time basis shall be eligible to become a Participant after the completion of two consecutive calendar years in which either of the following conditions is satisfied for each calendar year:

- (a) the Employee has earned no less than 35% of the YMPE; or
- (b) the Employee has worked no fewer than 700 hours.

3.04 Part-Time Employees in Quebec

Notwithstanding Section 3.03 [Part-Time Employees], each part-time Employee employed in Quebec shall become a Participant on the first day of any month provided that in the calendar year immediately preceding his joining the Plan the Employee had either:

- (a) earned not less than 35% of the YMPE, or
- (b) worked not fewer than 700 hours,

and provided he has not then attained age 65.

3.05 New Participants

Any Employee who becomes a Participant after March 31, 2002, shall accrue benefits in accordance with Part III of the Plan only. There shall be no new Participants in Part II of the Plan.

3.06 Eligibility - Waiver of Waiting Period

The Company may, in its sole discretion, authorize the enrollment of any Employee, although the Employee may not have satisfied the requirements of Sections 3.02 [Full-Time Employees], 3.03 [Part-Time Employees] or 3.04 [Part-Time Employees in Quebec].

3.07 Notification

The Administrator shall notify each Employee of the Entry Date on which such Employee first meets the eligibility requirements of the Plan, and shall explain to him the rights and duties of a Participant. Such notification shall be made, in writing, on or before such Entry Date.

3.08 Completion of Required Forms

Each eligible Employee described in Sections 3.02 [Full-Time Employees], 3.03 [Part-Time Employees] and 3.04 [Part-Time Employees in Quebec] who becomes a Participant shall sign such application forms as the Administrator prescribes, authorize the payroll deductions hereinafter required, indicate the name of the Spouse, designate a Beneficiary, furnish proof of age, and furnish such other data or sign such other documents as the Administrator deems necessary or desirable.

3.09 Optional Participation

If an eligible Employee described in Sections 3.02(a) [Full-Time Employees] or 3.03 [Part-Time Employees] elects to become a Participant within 30 days after being notified of his eligibility, such Employee shall become a Participant as of the Entry Date upon which he qualifies. If such an eligible Employee does not elect to become a Participant within such 30-day period, he may elect to become a Participant on any succeeding Entry Date on which he continues to be eligible to participate hereunder; such a Participant, however, shall receive no benefits based upon any period of service prior to the date upon which he actually becomes a Participant.

3.10 Re-employment Before Retirement

- (a) If the service of a Participant is or has been terminated and he is subsequently re-employed, he will be considered a new Employee for all purposes under the Plan as of the date of his last re-employment and shall have no rights hereunder with respect to service prior to such date, except as provided under Sections XIII [DB Termination Benefits] and XVIII [DC Termination Benefits].
- (b) If a Participant has been on lay-off for less than two years and has ceased to accrue Continuous Service under the Plan, the Participant shall immediately rejoin the Plan upon being recalled to work. If a Participant has been on lay-off for at least two years, that Participant shall be deemed terminated and shall have no rights hereunder with respect to service prior to such date, except as provided under Sections XIII [DB Termination Benefits] and XVIII [DC Termination Benefits]. A

Participant may, at any time during a period of lay-off, request to be deemed terminated. In such a situation, the Participant shall have no rights hereunder with respect to service prior to such date, except as provided under Sections XIII [DB Termination Benefits] and XVIII [DC Termination Benefits] and shall be treated as a new Employee for all purposes under the Plan if re-employed at a later date.

- (c) An approved leave of absence, granted pursuant to Section VIII [DB Service Interruptions] or XXI [DC Service Interruptions] hereof, shall not constitute a termination of employment if the Employee returns to service with the Company immediately upon the expiration of the period of approved leave. If the Employee does not return to service with the Company immediately upon the expiration of the period of approved leave such Employee's employment shall terminate effective the date that he was expected to return to service.

### 3.11 Termination of Participation Not Permitted

A Participant's participation in the Plan shall not be terminated while he remains an Employee. In addition, a Participant who is a part-time or temporary Employee shall not cease to be a Participant because he earns or works less than the specified amount in Section 3.03 [Part-Time Employees] in a calendar year.

## **SECTION IV - FUND**

### 4.01 Establishment of the Fund

- (a) The Funding Agency shall be appointed from time to time by the Administrator in accordance with the provisions of the Funding Agreement, with such powers as may be provided in the Funding Agreement, provided that such powers are in accordance with the Plan. In accordance with the provisions of the Funding Agreement, the Company may remove any Funding Agency at any time upon reasonable notice, and upon the removal or resignation of any Funding Agency the Company shall designate a successor Funding Agency or Funding Agencies. Any provision of the Funding Agreement that is inconsistent with the terms of this Plan shall to the extent of the inconsistency be of no force or effect. The Funding Agreement is subordinate to the Plan. The Fund is established for the purposes of the Plan.
- (b) The Fund shall consist of two parts, a defined benefit portion composed of assets to fund the defined benefit liabilities of the Plan and the defined contribution portion, which is comprised of all Participant Accounts established under the Plan.

### 4.02 Administration

All contributions of the Company and the Participants that are made in accordance with Section XV [DC Contributions] of the Plan will be paid into the defined contribution portion of the Fund. Any contributions by the Company and the Participants to fund defined benefit pensions will be paid into the defined benefit portion of the Fund. The assets of the Plan shall be held and administered by the Funding Agency in accordance with the terms of the Funding Agreement, and the provisions of the Applicable Legislation.

### 4.03 Investments

- (a) Investments of the defined benefit portion of the Fund will be restricted to the securities and loans permitted by the Applicable Legislation and the statement of investment policies and procedures adopted by the Administrator.
- (b) The assets in each Participant Account shall be invested, in accordance with the Participant's direction, in the various investment funds selected by the Company from time to time. The Company must select a minimum of three funds for this purpose. The investments in the funds will be restricted to the securities and loans permitted by the Applicable Legislation and the statement of investment policies and procedures adopted by the Administrator.

If a Participant does not instruct the Company how to invest the assets held in the Participant's Participant Accounts, the assets shall be directed to a fund that the Administrator will select from time to time.

#### 4.04 Interest in the Fund

Nothing in this Plan shall be construed to give to any person other than the Company any right, title or interest in or to any assets, profits, earnings or accretions to the Fund except as expressly provided herein. The establishment of the Fund does not constitute an enlargement of any right or a grant of any interest which any person other than the Company may have in the Fund except as expressly provided in the Plan. If the Plan or the Fund is terminated in whole or in part, or if the Plan or the Fund is consolidated with any other plan or fund, or if the employment of an Employee is terminated or if employment status changes, persons other than the Company shall have only such rights as are specifically defined in the Plan and required to be granted pursuant to Applicable Legislation.

#### 4.05 Benefit Payments

- (a) All defined benefit benefits under the Plan will normally be paid out of the defined benefit portion of the Fund. However, the Company may at any time in its sole discretion require the Funding Agency to purchase out of the Fund from a life insurance company licensed to do business in Canada, benefits of equal amount and payable according to the terms of the Plan at the time of purchase to which any Participant, Former Participant, or Pensioner is entitled under the Plan, so long as such action will not result in the Plan ceasing to be approved or registered for purposes of the Income Tax Act. Such purchase shall represent full and final settlement of the Plan's obligation with respect to such Participant, Former Participant, or Pensioner.
- (b) For the defined contribution benefits of a Participant, the Company shall require the Funding Agency, at the time of the Participant's retirement, to use the funds of the Participant's Participant Accounts to purchase from a life insurance company licensed to do business in Canada, benefits of equal amount and payable according to the terms of the Plan at the time of purchase, unless the Participant has chosen to transfer all or a part of his/her entitlement in accordance with the terms of the Plan.

#### 4.06 Liability

- (a) Defined Benefit Provision
  - (i) Defined benefit benefits under the Plan shall be payable only from the defined benefit portion of the Fund and only to the extent that there are assets in the defined benefit portion of the Fund. The Company shall have no obligation to make or continue to make from its own funds, the payment of any benefits under the Plan.
  - (ii) None of the Company, the Administrator or the Funding Agency, or their directors, officers, employees or agents, shall be liable in any manner if the

defined benefit portion of the Fund should be insufficient to provide the payment of any benefits hereunder, provided that the Company has made contributions to the defined benefit portion of the Fund required pursuant to Applicable Legislation and provided that such insufficiency is not the result of fraud, negligence or willful misconduct, willful breach of Applicable Legislation, or breach of any part of the Funding Agreement, statement of investment policies and procedures or any other document that creates, supports or establishes the Fund or the Plan.

- (iii) The Company shall indemnify its officers, directors and employees against any and all claims, losses, damages, expenses, and liabilities arising from any act or failure to act in respect of the defined benefit provision of the Plan or defined benefit portion of the Fund, except for any act or any failure resulting from the gross negligence or willful misconduct of such person. The Company may direct that the cost of indemnifying officers, directors, employees, agents and contractors of the Company or the Administrator in relation to management, administration or operation of such portion of the Plan or the Fund be paid from the Fund.

(b) Defined Contribution Provision

- (i) Benefits payable to a Participant under the defined contribution portion of the Plan shall be limited to those benefits that can be purchased with the Participant's Participant Accounts. The Company shall have no obligation to make or continue to make from its own funds, the payment of any benefits under the Plan.
- (ii) No liability shall attach to the Administrator, the Company, the Funding Agency, the Plan Actuary or to the liquidator in connection with the application of the defined contribution portion of the Fund, provided the application was made in good faith and in accordance with the provisions of Applicable Legislation and the Income Tax Act.
- (iii) The Company shall indemnify its officers, directors and employees against any and all claims, losses, damages, expenses, and liabilities arising from any act or failure to act in respect of the defined contribution provisions of the Plan or the defined contribution portion of the Fund, except for any act or any failure resulting from the gross negligence or willful misconduct of such person. The Company may direct that the cost of indemnifying officers, directors, employees, agents and contractors of the Company or the Administrator in relation to management, administration or operation of such portion of the Plan or the Fund be paid from the Fund.

4.07 Investment Counselors

If the Company considers it desirable it may appoint investment counselors to administer and invest the Fund or to assist in the administration and investment of the Fund.

## **SECTION V - ADMINISTRATION**

### 5.01 Administration of the Plan

Except as otherwise expressly set out herein, the Administrator shall decide all matters in respect of the administration and interpretation of the Plan. The Administrator shall administer the Plan in accordance with the terms set out herein, any decisions of the Company respecting the operation of the Plan, and in accordance with Applicable Legislation.

### 5.02 Employment of Agents

Where it is reasonable and prudent to do so, the Administrator may employ agents to perform clerical, legal and other services as the Administrator may require to carry out any act required to be done by it in the administration of the Plan and the administration and investment of the Pension Fund.

### 5.03 Interpretation and Decisions Regarding the Plan

The Administrator shall have the exclusive right to interpret the terms and provisions of the Plan and to determine any and all questions arising thereunder or in connection with the administration thereof, including the right to remedy possible ambiguities, inconsistencies, or omissions. All interpretations and decisions of the Administrator in respect to any matter or questions thereunder shall be final, conclusive and binding upon all persons affected thereby.

### 5.04 Plan Actuary

The Company shall, in consultation with the Plan Actuary, adopt from time to time mortality and other tables and interest rates upon which the Actuarial Equivalent under the Plan will be based. The Administrator shall furnish to the Plan Actuary whom the Company employs all information required for the preparation of regular actuarial valuations of the Plan, and shall receive from the Plan Actuary reports on such valuations and any other reports and recommendations which may be necessary for the orderly administration of the Plan.

### 5.05 Explanation to Participants

Each Participant will receive from the Administrator a written explanation of the terms and conditions of the Plan and of any subsequent amendments thereto together with an explanation of the rights and duties of the Participant with reference to the benefits available to him under the terms of the Plan, and such other information as may be prescribed by the Applicable Legislation.

Such further information, as prescribed by Applicable Legislation, shall be provided or made available by the Administrator to a Participant or to any other person entitled to a benefit under the Plan or to the agent of such Participant or person or to the personal

representative of the estate of such Participant or person, if and as prescribed by Applicable Legislation.

5.06 Evidence of Age

Each Participant will be required to furnish to the Administrator evidence of his age, the age of the Spouse or the age of any contingent annuitant who may become entitled to pension payments under the Plan, before the Participant becomes a Pensioner. Payment of benefits hereunder shall not be made until the person entitled to payment of the benefits delivers to the Administrator, such information as may be required to calculate, pay or continue payment of the benefit.

5.07 Assignment

Except as otherwise required by law or permitted under the Income Tax Act or in any Applicable Legislation,

- (a) no right of a person under the Plan is capable of being assigned, charged, anticipated, surrendered or given as security; and
- (b) money payable under this Plan is exempt from execution, seizure or attachment.

5.08 Benefits Non-Commutable

Except as specifically provided to the contrary in the Plan, and subject to Applicable Legislation, the benefits in respect of a Participant under the terms of the Plan are incapable of being surrendered or commuted during the lifetime of the Participant.

5.09 Expenses

- (a) The expenses incurred in the operation and administration of the defined benefit portion of the Plan shall be paid from the defined benefit portion of the Fund unless paid directly by the Company.
- (b) The non-investment related expenses incurred in the operation and administration of the defined contribution portion of the Plan shall be paid from the defined benefit portion of the Fund unless paid directly by the Company. All investment related fees shall be deducted from the earnings on the assets in the individual Participant's Participant Accounts. Where a Former Participant leaves any portion of his Participant Accounts in the Plan, the Administrator may charge a reasonable fee in addition to investment related fees.

5.10 Marriage Breakdown

- (a) An entitlement to receive a benefit under the Plan is subject to entitlements arising under a court order, domestic contract or family arbitration award as defined in the Family Law Act (Ontario) or under a similar order or agreement under applicable

family law. Consequently, part of the value of the benefits under the Plan may be paid as a separate pension or transferred to a person other than the Participant or Former Participant, as required under Applicable Legislation. At least 50% of the value of the benefit earned during the period the Participant or Former Participant and the other person were Spouses must remain payable to the Participant or Former Participant.

- (b) The Administrator may charge the Participant or the Spouse of the Participant a fee for producing any statement or processing the division or transfer not to exceed the fee prescribed by Applicable Legislation. If the Administrator is required to apply to the court for clarification of an order, the costs associated with such an action shall be borne by either the Participant, the Spouse of the Participant, or both.
- (c) A Participant employed in Quebec and his/her Spouse have the following rights on Marriage breakdown in addition to any other right granted under the Plan:
  - (i) A Participant may require that a former Spouse continue to be recognized as the Participant's Spouse and be entitled to all spousal benefits. This designation must be submitted to the Company in writing.
  - (ii) Where a Participant's pension has been established so as to provide for the Participant's Spouse's right to a 60% pension in accordance with the Quebec Supplemental Pension Plans Act and the Spouse's right is terminated pursuant to a legal separation from bed and board, a divorce, an annulment of marriage, or a cessation of conjugal relationship having become effective after December 31, 2000 the Participant is entitled, on request to the Company, to a pension redetermination as of the effective date of the judgement granting the separation from bed and board, the divorce or the annulment of marriage, or as of the date of the cessation of conjugal relationship. The redetermined pension shall be in the same amount and have the same characteristics as the pension that would be payable to the Participant at the date of redetermination had the Participant not had a Spouse on the date the payment of the pension began.

Notwithstanding the preceding, an application under the present Section may be submitted by a Participant whose divorce, marriage annulment, separation from bed and board or cessation of conjugal relationship became effective before January 1, 2001 in which case the Participant's pension is established as of the date of the application and not as of the effective date of the judgement or cessation of conjugal relationship.

Unless the Company has received the notice provided for in the Quebec Supplemental Pension Plans Act, it must also redetermine the Participant's pension if the benefits accrued to the Participant under the Plan are partitioned, pursuant to the Quebec Supplemental Pension Plans Act, subsequent to the first payment to the Participant of a pension established so as to provide for the Spouse's right to a 60% survivor pension in accordance with the Quebec Supplemental Pension Plans Act.

The redetermination of a pension under this Section cannot alone operate to reduce the amount of a pension paid to the Participant.

5.11 Discrimination by Sex

Subject to Applicable Legislation to the contrary, the sex of a Participant or Former Participant or that person's Beneficiary, as applicable, will not be taken into consideration in the determination of the amount of any benefit to which such individual becomes entitled to under the Plan.

5.12 Records of Company

Wherever the records of the Company are used for the purposes of this Plan, such records shall be conclusive of the facts with which they are concerned, unless proven to be in error.

5.13 Minors and Incompetents

Subject to any legal restrictions on making such payment, if the Administrator receives evidence that (a) a person entitled to receive any payment under the Plan is a minor or is physically, mentally or legally incompetent to receive such payment and to give a valid release therefor, and (b) another person or an institution is maintaining or has custody of such person and no guardian, committee or other representative of such person has been duly appointed by a court of competent jurisdiction, the payment may be made to such other person or institution and shall be a valid and complete discharge of all liability for the payment.

5.14 Mailing Address

It shall be the responsibility of each Participant, Former Participant, and Pensioner to keep the Administrator informed of his mailing address. Any notices required or permitted to be given to a Participant, Former Participant, or Pensioner hereunder shall be deemed given if directed to him at such address and mailed by regular mail. If any notice or payment mailed by regular mail to such address is returned, the mailing of cheques will be suspended until the Participant, Former Participant, or Pensioner makes demand therefor in writing.

5.15 Rights

(a) Nothing contained in the Plan shall be deemed to give any Participant or Employee

the right to be retained in the service of the Company, nor shall it interfere with the right of the Company to discharge or otherwise deal with him without regard to the existence of the Plan.

- (b) No Employee, Participant, Former Participant, Pensioner, or Beneficiary shall have any right or claim to any benefit hereunder, except as specifically provided herein.

#### 5.16 Severability

The provisions of the Plan shall be construed as a whole in such manner to carry out the purposes of the Plan as set out herein and to provide to, or in respect of, Participants, the benefits specifically defined herein. If any provision of the Plan is found to be invalid or unenforceable, in whole or in part, by a court of competent jurisdiction, the Plan shall be enforced and construed to the extent possible without regard to that portion of the provision to be invalid or unenforceable.

#### 5.17 Commutation of Pension Benefits

A pension or deferred pension payable to a Participant, Former Participant or Spouse under this Plan shall not be capable of being commuted, except as follows, in which case, the Administrator shall pay the Participant, Former Participant or Spouse the Commuted Value of his pension or deferred pension in full discharge of all obligations under the Plan:

- (a) in respect of Participants employed in Ontario or Quebec, if the annual pension determined to be payable at Normal Retirement Date is less than 4% of the YMPE for the year in which such Participant terminated employment or such other amount as may be prescribed from time to time;
- (b) if the Commuted Value of the pension is less than 20% of the YMPE for the year in which such Participant terminated employment, in respect of Participants employed in Ontario and Quebec, or 20% of the YMPE for the year in which the calculation is made, in respect of Participants employed in Alberta, or such other amount as may be prescribed from time to time;
- (c) in the event that the life expectancy of the Participant, Former Participant or Spouse is likely to be considerably shortened by reason of his illness or disability, where this is certified by a medical practitioner;
- (d) in the event that a Former Participant or the Spouse or former Spouse of such Former Participant who was employed in Quebec, has not been resident in Canada for at least two consecutive calendar years, or in the event that a Participant or Former Participant who was employed in Alberta or the Spouse or former Spouse of such Participant no longer qualifies as a “resident” as that term is defined in the Income Tax Act;

- (e) a Former Participant who is employed in Alberta at the relevant time or the Spouse or former Spouse of that Participant who is at least 50 years of age and who transfers the Commuted Value of the benefits payable to the Former Participant to a Life Income Fund may elect at the time of transfer to receive up to 50% of the Commuted Value as either a lump sum cash payment or as a transfer to a non-locked in RRSP or RRIF.

The commutation of pension benefits set out in this section is subject to the conditions and requirements of Applicable Legislation, including any requirement for a spousal waiver.

The commutation of pension benefits set out in this section is at the discretion of the Participant, Former Participant or Spouse in the case of subsections 5.17(c) to (e) and at the discretion of the Company in the case of subsections 5.17(a) and (b), with the exception of an Ontario Spouse where the Former Participant's pension commenced prior to July 1, 2012, in which case commutation under subsections 5.17(a) and (b) shall be at the discretion of the Spouse.

## **SECTION VI - TERMINATION AND AMENDMENT**

### 6.01 Continuation of the Plan

Although it is the intention of the Company to continue the Plan, the Company does not guarantee to do so, and the Company may at any time and for any reason discontinue the Plan. Every effort has been made to establish the Plan so that it will meet future conditions insofar as they can be foreseen. In order to protect Participants and the Company against unforeseen conditions, however, the right to amend or terminate the Plan is necessarily reserved by the Company.

### 6.02 Amendment to the Plan

The Plan may be modified or amended in whole or in part by the Company at any time, provided, however, that no such modification or amendment shall make it possible at any time prior to the satisfaction of all liabilities with respect to the Participants, Pensioners, or their Beneficiaries under the Plan for any part of the assets of the Plan to be used for purposes other than for the exclusive benefit of such Participants, Pensioners, or their Beneficiaries.

### 6.03 Termination of the Plan

The Plan and the Fund thereunder may be terminated at any time by the Company, in which event the assets of the Plan then held in the Fund shall, subject to the provisions of any Applicable Legislation, be liquidated and distributed among the Participants, Former Participants, Pensioners, and their Beneficiaries to provide the benefits defined in the Plan in the manner determined by the Company in consultation with the Plan Actuary. In any event, the Accumulated Contributions, the Additional Voluntary Contributions, with interest, and the Participant Accounts shall be distributed first. Settlement to each Participant, Former Participant, Pensioner, and their Beneficiaries will be made in accordance with and in the manner prescribed by any Applicable Legislation.

## **PART II – DEFINED BENEFIT PROVISIONS**

### **SECTION VII – DB CONTRIBUTIONS**

#### **7.01 Participant's Required DB Contributions**

Subject to Section 7.11 [Participants Electing to Convert to DC] and Section 3.05 [New Participants], each Participant shall contribute to the Plan, through payroll deductions, while he is a Participant subsequent to the Effective Date and prior to his Normal Retirement Date. Subject to Section 8.09 [Participant's DB Contributions and Credited Service During a Period of Work-Sharing], the basis of such DB contributions shall be 3-1/3% of that portion of his Compensation up to the YMPE plus 5% of that portion, if any, of his Compensation in excess of the YMPE. In no event should a Participant's required DB contributions for a calendar year be greater than the maximum specified in Section 7.04 [Maximum Participant DB Contributions].

#### **7.02 Participant's Additional Voluntary Contributions**

In addition to the DB contributions made by the Participant in accordance with Section 7.01 [Participant's Required DB Contributions], each Participant may make current service Additional Voluntary Contributions through payroll deduction by the Company or by direct payment to the Company as permitted by Applicable Legislation and under the Income Tax Act.

Any Participant who chooses to make Additional Voluntary Contributions cannot have a *pension adjustment* (composed of the *pension credits* for both the defined benefit benefit and the Additional Voluntary Contributions) greater than the *money purchase limit* for the year.

#### **7.03 Company Contributions**

The Company shall contribute monthly such amounts, if any, as the Company determines at its sole discretion, provided that:

- (a) contributions in any month shall not be less than the amount, if any, indicated by the Plan Actuary as necessary to maintain registration of the Plan under the Pension Benefits Act (Ontario); and
- (b) contributions in any month shall not be more than the amount, if any, indicated by the Plan Actuary as the maximum amount permissible in order to maintain registration of the Plan under the Income Tax Act.

The Company may secure a letter of credit in lieu of Company contributions, as permitted under the Income Tax Act and Applicable Legislation.

7.04 Maximum Participant DB Contributions

A Participant's contribution in any calendar year shall not be greater than the defined benefit limit under the Income Tax Act for the year divided by 0.3.

7.05 Interest on Participant DB Contributions

(a) The rate of interest credited on Participant required DB contributions will be fixed by the Company from time to time subject to a minimum of the average of five year term deposit rates available from chartered banks as determined from the Canadian Socio-Economic Information Management (CANSIM) series B 14045. The rate of interest credited on Participant Additional Voluntary Contributions will be determined according to the result of the operation of that part of the pension fund to which the Additional Voluntary Contributions are made.

(b) Interest on Participant required DB contributions and Additional Voluntary Contributions made on and after January 1, 1988 will be credited from the end of the month in which the contribution is withheld to the first of the month in which any of the events listed in the foregoing paragraph occurs.

7.06 Application of Participant's Required Contributions

Employee contributions shall be remitted to the Funding Agency by the Company not later than 30 days after the end of the month in which the sum was deducted and shall be used towards providing benefits under the Plan.

7.07 Application of Additional Voluntary Contributions

Additional Voluntary Contributions shall be remitted to the Funding Agency, invested as the Participant shall direct from time to time, and used to provide additional pension as elected by the Participant.

A Participant, upon giving the Company written notice of a request in the form prescribed by the Administrator together with any fee prescribed by the Administrator, may withdraw, in part or in full, any Additional Voluntary Contributions made by that Participant to the Plan under Section 7.02 [Participant's Additional Voluntary Contributions], adjusted for interest.

7.08 No Withdrawal/Termination of Contributions

While he remains in the employment of the Company, a Participant may not withdraw any portion of his required DB contributions, nor may he discontinue or suspend his required DB contributions under Section 7.01 [Participant's Required Contributions] however no contributions may be made after December 31 of the year in which the Participant attains the age of 71 years notwithstanding that he remains in the employment of the Company after that date.

7.09 Return of Excess Amount

Subject to Applicable Legislation and the prior consent of the Administrator, the Company may direct that a payment be made out of the Fund to the Company of an amount not in excess of the amount of an overpayment made by the Company into the Fund or of an amount paid by the Company that should have been paid out of the Fund, but only such amount as is necessary to avoid the revocation of the Plan's registration.

7.10 Surplus

Subject to Applicable Legislation,

- (a) if, at any time while the Plan continues in existence, the Plan Actuary certifies that the assets of the Fund exceed the actuarial liabilities of the Plan, then such excess, or any portion of such excess as the Company may direct, shall be either paid to the Company or used to fund the Company's contributions under either Part II or Part III of the Plan;
- (b) if the Plan is terminated and the assets of the Fund exceed the liabilities of the Plan, such excess shall be paid to the Company; and
- (c) if the Plan is terminated in part, and the Plan Actuary certifies that there are surplus assets relating to the part terminated, then such surplus assets, or any portion of such surplus assets as the Company may direct, may be paid to the Company.

7.11 Participants Electing to Convert to DC

Part II of the Plan shall not apply to those participants who elected, in accordance with subsection 3.01 [Participants on March 31, 2002] to accrue future benefits under Part III of the Plan.

## **SECTION VIII – DB SERVICE INTERRUPTIONS**

### **8.01 Continuous & Credited Service - Transfer to Company**

For the purpose of determining Continuous Service, credit shall be given for continuous employment in Canada with any affiliate, parent or subsidiary of Canadian Bank Note Company, Limited not included under the Plan in the event of the transfer of an Employee from such corporation to the Company without interruption of his employment.

For the purpose of determining Credited Service, credit shall not be given for the employment with any affiliate, parent or subsidiary of Canadian Bank Note Company, Limited not included under the Plan in the event of the transfer of an Employee from such corporation to the Company without interruption of his employment, unless the Company specifically resolves to permit the inclusion of such service in the determination of Credited Service and such inclusion is permitted under the Income Tax Act and not prohibited by Applicable Legislation.

### **8.02 Transfer to Foreign Affiliate**

In the event of the transfer of a Participant in the Plan from the service of the Company to the service of a foreign affiliate, parent, or subsidiary, the Participant will be deemed to have terminated employment and is entitled to benefits in accordance with Section XIII [DB Termination Benefits].

### **8.03 Transfer to Ineligible Employment**

If, at any time, a Participant shall transfer to an employment position that is not covered by the Plan or to an employment position that is covered by another pension arrangement sponsored by the Company, the Participant shall cease to accrue Credited Service effective from the date of transfer. The amount and terms of benefits payable under the Plan upon the Participant's transfer shall be determined by the Company at the time of transfer, provided that the Company shall act in accordance with rules applicable to all Participants similarly situated, the Income Tax Act and Applicable Legislation.

### **8.04 Paid Leave of Absence**

An Employee on approved leave of absence who continues to receive Compensation from the Company during the period of such leave will accrue benefits and make contributions under the Plan on the basis of such Compensation, and such period shall be deemed to be a part of such a Participant's period of Continuous Service and Credited Service for all purposes under the Plan.

### **8.05 Accrual of Pension while receiving Workers' Compensation Benefits**

Effective January 2, 1990 a Participant who is disabled and receiving benefits from the Workers' Compensation Board shall have the option of either:

- (a) discontinuing contributions to the Plan, in which case his Credited Service shall cease to accrue during such period, or
- (b) continuing contributions to the Plan for a period of not more than one year, at a rate of contribution the same as the rate just prior to the period of disability and his Compensation shall be deemed to be the same as his Compensation immediately prior to commencement of leave, in which case Credited Service shall continue to accrue during such period.

Continuous Service shall not be considered broken by any period of disability not exceeding one year during which the Participant is in receipt of benefits from the Workers' Compensation Board. If the benefits extend beyond one year, then Section 8.10(c) [Continued Accrual During a Period of Disability] shall apply.

#### 8.06 Pregnancy and Parental Leave

Effective for periods of leave ending no earlier than December 20, 1990 a Participant who is on either an unpaid pregnancy leave or an unpaid parental leave (as such terms are defined in the Employment Standards Act (Ontario) or applicable employment standards legislation) shall have the option of either:

- (a) discontinuing contributions to the Plan during such leave, in which case his Credited Service shall cease to accrue during such leave, or
- (b) continuing contributions to the Plan during such leave, at a rate of contribution the same as the rate just prior to the period of leave and his Compensation shall be deemed to be the same as his Compensation immediately prior to commencement of leave, in which case Credited Service shall continue to accrue during such leave.

However, Continuous Service shall not be considered broken by any pregnancy or parental leave.

#### 8.07 Other Unpaid Leave of Absence

An Employee on any other approved leave of absence who does not continue to receive Compensation from the Company and make contributions under the Plan shall not accrue benefits under the Plan for or in respect of the period of such absence, and such period shall be completely disregarded for the purposes of determining his credited number of years of Credited Service. The period of such absence shall not, however, be deemed to be an interruption of Continuous Service.

If such Employee elects to continue to make contributions under the Plan based on such Employee's rate of Compensation immediately before the commencement of the approved leave of absence, making the contributions directly to the Company rather than by payroll

deduction, such period shall be deemed to be a part of such Participant's period of Continuous Service and Credited Service for all purposes under the Plan, and the Participant's Compensation during the leave shall be deemed to be the same as his Compensation immediately prior to the leave.

8.08 Continuous Service During a Period of Work-Sharing

During a Period of Work-Sharing a Participant shall accrue Continuous Service without interruption.

8.09 Participant's Contributions and Credited Service During a Period of Work-Sharing

During a Period of Work-Sharing a Participant shall have the option of:

- (a) continuing contributions to the Plan based on his Compensation immediately prior to commencement of the Period of Work-Sharing, in which case Credited Service shall continue to accrue during such period as if the Participant was a Full-Time Employee, and the Participant's Compensation during the leave shall be deemed to be the same as his Compensation immediately prior to the leave, subject to the limits of regulation 8507 of the Regulations, or
- (b) continuing contributions to the Plan based on his Compensation during the Period of Work-Sharing, in which case Credited Service for each Plan Year will be determined by dividing the Participant's actual regular hours worked during the year by 1820 hours. The ratio so determined shall not exceed 1. Regular hours worked excludes overtime hours.

8.10 Continued Accrual During a Period of Disability

(a) Weekly Sickness and Accident Plan

While a Participant is in receipt of disability benefits from the Company's Weekly Sickness and Accident Plan, he shall continue to be treated as a Participant, to make contributions to the Plan in accordance with Section 7.01 [Participant's Required Contributions], and to accrue Continuous Service and Credited Service. The rate of contribution shall remain the same as the rate just prior to the disability and his Compensation shall be deemed to be the same as prior to the disability.

(b) Long Term Disability Plan

After the disability benefits from the Company's Weekly Sickness and Accident Plan have been exhausted, a Participant may be eligible to receive benefits under the Company's long term disability plan. While a Participant is in receipt of disability benefits from the Company's long term disability plan, he shall continue to be treated as a Participant and to accrue Continuous Service and Credited Service. However, such Participant shall not be required to contribute to the Plan in accordance with Section 7.01 [Participant's Required Contributions]. The

disabled Participant's Compensation shall be deemed to be the same as prior to the disability.

(c) Extended Worker's Compensation Board Benefits

If a Participant is approved for extended disability benefits by the Worker's Compensation Board and such benefits are similar to the benefits provided by the Company's long term disability plan, then the Participant shall be treated in accordance with (b) above as if the Participant was in receipt of benefits from the Company's long term disability plan.

8.11 Disability Pension

After the disability benefits from the Company's Weekly Sickness and Accident Plan have been exhausted a Participant shall receive a reduced monthly pension commencing immediately if the Participant meets the following qualifications:

- (a) the Participant is not eligible to receive benefits under the Company's long term disability plan;
- (b) the Participant is totally and permanently disabled as defined under the Income Tax Act and prevented from continuing in employment with the Company;
- (c) the requirements set out above in (b) are certified in writing by a medical doctor licensed to practice under the laws of a province of Canada or of the place where the Participant resides; and
- (d) the Participant has completed 10 or more years of Continuous Service.

The amount of disability pension payable to a Participant who meets the above qualifications shall be equal to the accrued pension determined in accordance with Section 9.02 [Normal Retirement Pension], reduced by 2-1/2% for each year between the commencement date of the disability pension and the Normal Retirement Date to a maximum reduction of 25%.

8.12 Disability Pension - 50% Cost-Sharing

In addition to the pension under Section 8.11 [Disability Pension], the Participant will be entitled to any excess contributions determined in accordance with Section 9.05 [50% Cost-Sharing] based on the amount of pension determined in Section 8.11 [Disability Pension].

If the Participant is employed outside of Quebec, then he may elect either to receive a refund of such lump sum or to use the excess to provide for additional pension benefits. If the Participant is employed in Quebec, then he shall use the excess to provide for

additional pension benefits. In the event that the Participant elects additional pension benefits, the Administrator may, in its sole discretion, elect to purchase an annuity from an insurance company.

8.13 Use of Additional Voluntary Contributions while Disabled

If a Participant is in receipt of a pension under Section 8.11 [Disability Pension] and the Participant has made any Additional Voluntary Contributions, he may use his Additional Voluntary Contributions with interest as outlined in Section 9.06 [Additional Voluntary Contributions].

## **SECTION IX – DB NORMAL RETIREMENT AND MAXIMUM PENSION**

### 9.01 Normal Retirement

Except as provided under Sections X [Early Retirement] and XI [Late Retirement], payment of the Normal Retirement Pension shall commence on the Normal Retirement Date.

### 9.02 Normal Retirement Pension

The annual amount of pension payable to a Participant who retires shall be the sum of his Past Service Retirement Income, if any, and his Future Service Retirement Income computed as herein provided.

### 9.03 Past Service Retirement Income

The annual amount of Past Service Retirement Income shall be determined by multiplying:

- (a) the number of full years of Continuous Service with the Company prior to the Effective Date, excluding the first year of such service, and any service prior to such Participant's 25th birthday and after the first of the month following his 65th birthday, by
- (b) 1-1/2% of the Participant's Average Compensation.

Past Service Retirement Income shall be payable to a Participant only if he became a Participant on the Effective Date.

### 9.04 Future Service Retirement Income

The annual amount of Future Service Retirement Income shall be the sum of subsections (a) and (b) below:

- (a) For service after the Effective Date and prior to January 1, 1966, the Future Service Retirement Income shall be 1-1/2% of the Participant's Average Compensation, multiplied by the years, and fraction thereof, of Credited Service between the Effective Date and January 1, 1966.
- (b) For service from January 1, 1966 to retirement, the Future Service Retirement Income shall be 1% of that portion of the Participant's Average Compensation which is not in excess of the average YMPE in the five consecutive years used to determine the Participant's Average Compensation as defined, plus 1-1/2% of that portion of his Average Compensation in excess of the average YMPE in such years, multiplied by the number of years, and the fraction thereof, of Credited Service between January 1, 1966 and retirement.

9.05 50% Cost-Sharing

In addition to the pension provided pursuant to 9.03 and 9.04, a Participant retiring on his Normal Retirement Date will be entitled to a lump sum equal to the excess, if any, of (a) over (b) below:

- (a) the Participant's Accumulated Contributions,
- (b) 50% of the Commuted Value of pension benefits.

If the Participant is employed outside of Quebec, then he may elect either to receive a refund of such lump sum or to use the excess to provide for additional pension benefits. If the Participant is employed in Quebec, then he shall use the excess to provide for additional pension benefits. In the event that the Participant elects additional pension benefits, the Administrator may, in its sole discretion, elect to purchase an annuity from an insurance company.

9.06 Additional Voluntary Contributions

Upon a Participant's retirement, his Additional Voluntary Contributions with interest shall be applied in any combination of the following options:

- (a) to provide additional pension, which shall be payable on the basis selected by the Participant and in accordance with the Income Tax Act,
- (b) to receive all or any specified portion of his Additional Voluntary Contributions with interest in a single payment, as elected by the Participant prior to the first payment of his pension,
- (c) to leave all or any specified portion of his Additional Voluntary Contributions in the Plan to be applied as in (a) or (b), as elected by the Participant, at a future date not later than the end of the year in which the Participant attains age 71.

In the event that a Participant elects to use his Additional Voluntary Contributions to provide additional pension, the Administrator will purchase an annuity from an insurance company licensed to carry on an annuities business in Canada.

9.07 Maximum Pension

Subject to Section 9.08 [Excluded Service], the maximum amount of monthly pension (not including any pension benefits payable pursuant to Sections 9.05 [50% Cost-Sharing] and 9.06 [Additional Voluntary Contributions]) that may be paid under the Plan with respect to any Participant at retirement, termination of employment, death, or termination of the Plan, inclusive of any additional amounts resulting from the allocation of surplus and any amount payable to the Participant's Spouse as a result of marriage breakdown, is an amount

equal to one-twelfth of the lesser of:

- (a) the defined benefit limit under the Income Tax Act multiplied by the Participant's Credited Service; and
- (b) 2% of the average of the Participant's best three consecutive years' compensation, as defined under the Income Tax Act, from the Company multiplied by the Participant's Credited Service;

reduced, if the pension commencement date precedes the earliest of the following:

- (i) the day on which the Participant will attain age 60; or
- (ii) the day on which the Participant's age plus Continuous Service would have equaled 80; or
- (iii) the day on which the Participant would have completed 30 years of Continuous Service;

by 1/4 of 1% for each month by which the pension commencement date precedes that day.

#### 9.08 Excluded Service

Any pensionable service of the Participant prior to January 1, 1992 that is in excess of 35 years shall be excluded from the calculations made pursuant to Section 9.07 [Maximum Pension].

## **SECTION X – DB EARLY RETIREMENT**

### 10.01 Early Retirement Date

A Participant may elect to retire at any time prior to the Normal Retirement Date provided he has attained the age of 55 years.

### 10.02 Early Retirement Pension

Subject to Section 9.07 [Maximum Pension], a Participant who retires prior to the Normal Retirement Date will receive, at his election, either:

- (a) a deferred monthly pension commencing on the Normal Retirement Date, the amount of which will be based upon the benefits which have accrued in accordance with Section 9.02 [Normal Retirement Pension] up to the Early Retirement Date, or
- (b) a monthly pension commencing on the Early Retirement Date, the amount of which will be equal to a percentage of the pension provided under subsection (a) above. Such percentage shall be based on the age of the Participant on his Early Retirement Date as follows:

<u>Age</u>	Participants with at least 35 years of <u>of Credited</u> <u>Service*</u>	<u>Other</u> <u>Participants</u>
55	68%	68%
56	71	71
57	75**	75
58	100**	79
59	100	83
60	100	88
61	100	90
62	100	93
63	100	95
64	100	98

\*If a Participant joined the Plan prior to January 1, 1976, 33 years of Credited Service shall apply.

\*\* For a retiring Participant who has 35 years of Credited Service and whose age is between 57 and 58, the percentage referred to above shall be determined by interpolating between 75% and 100% using the fraction of a year beyond age 57.

- (c) the pension calculated in accordance with Section 9.07 if it is less than (a) or (b) above.

10.03 50% Cost-Sharing

In addition to the pension under Section 10.02 [Early Retirement Pension], the Participant will be entitled to any excess contributions determined in accordance with Section 9.05 [50% Cost-Sharing] based on the amount of pension determined in Section 10.02 [Early Retirement Pension].

If the Participant is employed outside of Quebec, then he may elect either to receive a refund of such lump sum or to use the excess to provide for additional pension benefits. If the Participant is employed in Quebec, then he shall use the excess to provide for additional pension benefits. In the event that the Participant elects additional pension benefits, the Administrator may, in its sole discretion, elect to purchase an annuity from an insurance company.

10.04 Additional Voluntary Contributions

If the Participant has made any Additional Voluntary Contributions, he may use his Additional Voluntary Contributions with interest as outlined in Section 9.06 [Additional Voluntary Contributions].

## **SECTION XI – DB LATE RETIREMENT**

### **11.01 Late Retirement**

A Participant who remains in the employment of the Company beyond his Normal Retirement Date shall continue to make contributions to the Plan and to accrue Credited Service until the earlier of:

- (a) the termination of his employment,
- (b) his actual retirement date,
- (c) December 31st of the year in which he attains the age of 71 years (or such other date as permitted by the Income Tax Act), or
- (d) his death.

### **11.02 Late Retirement Entitlements**

(a) A Participant who is employed outside of Quebec and remains in the employment of the Company beyond his Normal Retirement Date shall be entitled to the benefits outlined below under Sections 11.03 [Late Retirement Pension – Non-Quebec Participants], 11.04 [50% Cost-Sharing], and 11.05 [Additional Voluntary Contributions].

(b) (i) A Participant who is employed in Quebec and remains in the employment of the Company beyond his Normal Retirement Date will, subject to paragraph (b)(ii), continue to make contributions to the Plan and accrue Credited Service until the earlier of:

- (a) the termination of his employment,
- (b) his actual retirement date,
- (c) December 31st of the year in which he attains the age of 71 years (or such other date as permitted by the Income Tax Act), or
- (d) his death.

(ii) A Participant who is employed in Quebec and remains in the employment of the Company beyond his Normal Retirement Date may elect to commence receiving a portion of his pension benefit determined in accordance with Section IX [DB Normal Retirement and Maximum Pension], equal to any reduction in earnings suffered after his Normal Retirement Date, with effect from his Normal Retirement Date and to defer receiving the balance of his pension benefit determined in accordance with Section IX [DB Normal Retirement and Maximum Pension] until the earlier of:

- (a) the termination of his employment,

- (b) his actual retirement date,
- (c) December 31st of the year in which he attains the age of 71 years (or such other date as permitted by the Income Tax Act), or
- (d) his death.

The amount of partial pension in payment to a Participant who elects to receive a partial payment of pension may be increased no more than once during any Plan Year.

The amount of any pension commencing after the Participant's Normal Retirement Date shall be computed in accordance with Appendix A.

The Participant shall also be entitled to the benefits outlined in Sections 11.04 [50% Cost-Sharing] and 11.05 [Additional Voluntary Contributions].

#### 11.03 Late Retirement Pension Commencement- Non-Quebec Participants

For a Participant who is employed outside of Quebec and remains in the employment of the Company beyond his Normal Retirement Date, pension payments will commence on the earlier of:

- (a) the termination of his employment,
- (b) his actual retirement date,
- (c) December 31st of the year in which he attains the age of 71 years (or such other date as permitted by the Income Tax Act), or
- (d) his death.

The amount of pension payable will be calculated in accordance with Section 9.02.

#### 11.04 50% Cost-Sharing

In addition to the pension under Section 11.03 [Late Retirement Pension – Non-Quebec Participants], the Participant will be entitled to any excess contributions determined in accordance with Section 9.05 [50% Cost-Sharing] based on the amount of pension determined in Section 11.03 [Late Retirement Pension – Non-Quebec]

If the Participant is employed outside of Quebec, then he may elect either to receive a refund of such lump sum or to use the excess to provide for additional pension benefits. If the Participant is employed in Quebec, then he shall use the excess to provide for additional pension benefits. In the event that the Participant elects additional pension benefits, the Administrator may, in its sole discretion, elect to purchase an annuity from an insurance company.

11.05 Additional Voluntary Contributions

If the Participant has made any Additional Voluntary Contributions, he may use his Additional Voluntary Contributions with interest as outlined in Section 9.06 [Additional Voluntary Contributions].

## **SECTION XII – DB FORMS OF PENSION**

### 12.01 Normal Form

Pensions shall be payable to a Pensioner commencing on the Pensioner's retirement date and shall be payable in equal monthly installments on the first day of each month thereafter during the life of such Pensioner.

The last installment of the normal form is due and payable on the first day of the month in which such Pensioner dies. In addition, the benefit determined in accordance with Section 14.03 [Death after the Commencement of Pension Payments] is payable.

Pensions will be paid in the normal form unless:

- (a) the automatic spousal form of pension as set out in Section 12.02 [Automatic Spousal Form] is payable and is not waived, or
- (b) the Participant elects a pension of an optional form pursuant to Section 12.03 [Election of Optional Form].

### 12.02 Automatic Spousal Form

If a Participant or Former Participant retires and has a Spouse on the date of commencement of pension payments under the Plan, and the Participant or Former Participant and the Spouse are not living separate and apart, the automatic spousal form of pension will be paid in the form of a joint and survivor pension described under Spousal Benefit Option in Section 12.04 [Optional Forms]. The amount of pension shall be the Actuarial Equivalent of the Participant's pension under the normal form.

Notwithstanding the preceding paragraph, the pension may be paid in the normal form or in an optional form if within the 12-month period prior to the date of commencement of pension payments, the Administrator, in accordance with any Applicable Legislation, receives a written waiver of the joint and survivor pension in the prescribed form signed by both the Participant or Former Participant and the Spouse of the Participant or Former Participant containing the waiver.

### 12.03 Election of Optional Form

Subject to the terms of and in accordance with Applicable Legislation, a Participant may elect an optional form of pension by filing written notice of such election with the Administrator at least thirty days prior to the date on which the Participant's pension payments begin and in no event subsequent to thirty days prior to his 65th birthday, unless the Administrator waives such advance election in accordance with rules applicable to all Participants similarly situated.

#### 12.04 Optional Forms

A Participant may elect to convert any pension otherwise payable to him into retirement benefits in accordance with one of the options set forth below or in a combination with Leveling Option below. The amount of pension payable under an optional form of pension will be the Actuarial Equivalent of the Participant's pension under the normal form.

(a) Spousal Equalized Option

A reduced pension payable during the Pensioner's lifetime with the provision that after his death such reduced pension shall be paid to and during the lifetime of his surviving Spouse.

(b) Spousal Reduced Option

A reduced pension payable during the Pensioner's lifetime with the provision that after his death a pension at the rate of one-half of his reduced pension shall be paid to and during the lifetime of his surviving Spouse.

(c) Spousal Benefit Option

A reduced pension payable during the Pensioner's lifetime with the provision that after his death a pension at the rate of three-fifths of his reduced pension shall be paid to and during the lifetime of his surviving Spouse.

(d) Spousal Waived Option

A pension payable during the Pensioner's lifetime with no provision, after the death of the Pensioner, for the surviving Spouse.

(e) Leveling Option

A reduced pension payable according to one of the above options, plus a pension supplement payable until age 65 or until death, whichever is earlier, and a reduced pension payable thereafter until death. The pension supplement amount should not exceed the total pension payable to such Participant under the Canada/Quebec Pension Plan and Old Age Security. The Participant shall provide the Administrator with any information required to verify the amount of government pension which he shall be entitled to receive. Election of this option shall not change the total amount payable in the aggregate to the Participant and his Beneficiary, in the event of the Participant's death, and no part of the pension supplement shall be payable to the Participant's Spouse. The amount of pension supplement shall not exceed that allowed under regulation 8503(2)(b) of the Regulations. The total amount of pension provided shall also be subject to the limits of regulation 8504(6) of the Regulations, in addition to any other limits imposed by the Plan.

12.05 Election Irrevocable

Once an election has been made and accepted by the Administrator, it cannot be rescinded or changed without the written consent of the Administrator in accordance with rules applicable to all Participants similarly situated.

## **SECTION XIII – DB TERMINATION BENEFITS**

### **13.01 Termination Benefits**

Upon the termination of employment of a Participant, if such termination does not result in eligibility for any benefits under Section IX [DB Normal Retirement and Maximum Pension], X [DB Early Retirement], XI [DB Late Retirement], or XIV [DB Death Benefits] or Sections 8.11 [Disability Pension] or 8.12 [Disability Pension – 50% Cost-Sharing], the Participant shall be entitled to the termination benefits as outlined under Sections 13.03 [Service Prior to January 1, 1965], 13.04 [Service Between January 1, 1965 and January 1, 1987], 13.05 [Service On and After January 1, 1987], 13.06 [Participants Employed in Quebec], 13.07 [50% Cost-Sharing], and 13.08 [Additional Voluntary Contributions], as applicable.

Where a terminating Participant is entitled to a deferred annuity, he may elect to transfer an amount equal to the Commuted Value of the deferred annuity to:

- (a) such other tax-exempt trust or pension plan as he may designate, if such transfer is permitted under the Applicable Legislation and such other plan accepts the transfer, or
- (b) a retirement savings arrangement which is of the kind prescribed by Applicable Legislation, or
- (c) an insurer for the purchase of a deferred life annuity that meets the requirements of the Applicable Legislation,

provided that such transfer is in accordance with the restrictions set out in Section 147.3 of the Income Tax Act.

It is further provided that the plan or the insurer, as the case may be, to which any such amounts are transferred, must guarantee to administer such transferred amounts in accordance with the Applicable Legislation.

The Administrator shall not permit a transfer or purchase under this Section unless the Administrator is satisfied that the transfer or purchase is made in accordance with Applicable Legislation.

A Former Participant may elect to commence the deferred annuity on the first day of any month between age 55 and 65, and the amount of pension will be the Actuarial Equivalent of the pension commencing on his Normal Retirement Date, provided that if the pension commencement date precedes the earliest of the day on which:

- (a) the Participant will attain age 60;
- (b) the Participant's age plus Continuous Service would have equaled 80; and
- (c) the Participant would have completed 30 years of Continuous Service;

the amount of pension paid to the Participant shall not be greater than the pension the Participant would be entitled to receive commencing on his Normal Retirement Date, less 1/4 of 1% for each month by which the pension commencement date precedes that day.

On the death of a Former Participant before the commencement of the deferred annuity, his Spouse (in the absence of a surviving Spouse, his Beneficiary or estate) shall be entitled to receive the Commuted Value of the deferred annuity.

#### 13.02 Transfer Option Available to Participants Employed in Quebec

Subject to the requirements of the Income Tax Act, a Participant employed in Quebec who:

- (a) has not attained age 55, and
- (b) has complied with all other conditions prescribed under the Supplemental Pension Plans Act (Quebec),

may request a transfer each year from the Plan to a life income fund (LIF), of an amount sufficient for the LIF to pay a temporary pension to the person. The amount of the transfer is subject to the provisions of the Supplemental Pension Plans Act (Quebec).

A Participant may make a transfer election under Section 13.01 [Termination Benefits] within 90 days after receiving his statement of termination of active membership or subsequently only every 5 years thereafter within the 90 days which follow the date of expiry of every fifth year.

#### 13.03 Service Prior to January 1, 1965

If the employment of a Participant is terminated, and provided that he does not accept a refund of his Accumulated Contributions in respect of contributions made prior to January 1, 1965, he shall be entitled to receive a deferred pension commencing on the Normal Retirement Date, the amount of which will be determined in accordance with Section 9.02 [Normal Retirement Pension] in respect of Credited Service prior to January 1, 1965 or the date of termination, whichever occurs first.

#### 13.04 Service Between January 1, 1965 and January 1, 1987

If the employment of a Participant is terminated, he shall be entitled to receive a deferred

pension, commencing on the Normal Retirement Date, the amount of which will be determined in accordance with Section 9.04 [Future Service Retirement Income] in respect of Credited Service accrued during the period from January 1, 1965 to December 31, 1986.

The amount of deferred pension referred to in the previous paragraph shall be the amount of deferred pension that can be provided by the Participant's Accumulated Contributions in respect of contributions made during the period from January 1, 1965 to December 31, 1986, if the latter amount is greater.

13.05 Service On and After January 1, 1987

If the employment of a Participant is terminated before his retirement, he shall be entitled to a deferred annuity, commencing on the Normal Retirement Date, the amount of which will be determined in accordance with Section 9.04 [Future Service Retirement Income] in respect of Credited Service on and after January 1, 1987 to the date of termination.

13.06 Participants Employed in Quebec

(a) (i) A Participant who was employed in Quebec and who ceases to be an active Participant after December 31, 2000 and who is at least ten years under the normal retirement age is entitled, for years of Credited Service on and after January 1, 2001, to an additional pension benefit determined in accordance with the Regulations adopted under the Quebec Supplemental Pension Plans Act, the value of which is equal to the amount by which A exceeds B, where

- "A" is the value of the pension determined pursuant to the second paragraph and of related benefits, increased by the Participant contributions which, assuming the Participant had been entitled to such a pension under the Plan, would be above the limit set in section 60 of the Quebec Supplemental Pension Plans Act; and
- "B" is equal to the value of the pension benefit to which the Participant would be entitled without reference to the second paragraph and of related benefits, increased by the Participant contributions which are above the limit set in section 60 of the Quebec Supplemental Pension Plans Act.

For the purpose of calculating the additional pension benefit, the value of a pension having the same characteristics as the normal pension, except the pension supplement provided by the Plan for the payment of a minimum pension, shall be determined, based on the assumption that payment of the pension begins at the normal retirement age and allowing for adjustment of the pension between the date the Participant ceases to be an active member

until the date the Participant reaches the age that is ten years under normal retirement age. The adjustment shall be the percentage corresponding to 50% of the change in the seasonally unadjusted All-Items Consumer Price Index for Canada published by Statistics Canada between the month the Participant ceases to be an active member and the month the adjustment ceases ; however, the annualized adjustment rate cannot be less than 0% or greater than 2%.

If the Participant dies before becoming entitled to a pension, the value of the additional pension benefit shall be determined based on the assumption that the Participant ceased to be an active member on the day of the Participant's death, for a reason other than death.

This Section does not apply to benefits referred to in subparagraphs 1 to 6 of the second paragraph of section 60 of the Quebec Supplemental Pension Plans Act.

- (ii) The additional benefit provided by (i) above shall be determined by the Company and paid in one or more of the following manners:

- (A) Improved Early Retirement Benefits

The factor in subsection 10.02(b) [Early Retirement] may be replaced with any other factor that produces a greater amount of pension payable to the Participant provided that the amount of pension does not exceed the unreduced pension reduced in accordance with the requirements of regulation 8503(3)(c) of the Regulations

- (B) Improved Survivor Benefit

If A Participant elects an optional form of pension in accordance with section 12.03 [Election of Optional Forms], then the reduction in the Participant's pension required by section 12.04 [Optional Forms] may be reduced. The value of the retirement benefits provided may not be greater than that of a life annuity with a ten year guarantee for an unmarried Participant or, for a married Participant, a life annuity guaranteed for five years with 66 2/3% of the annuity continuing to a Joint Annuitant.

(C) Improved Final Earnings Base

The number five in the phrase “five consecutive years” in the definition of Average Earnings in Section 2.06 [Definitions] of the Plan may be replaced with any number less than five but not less than one.

(D) Cash Entitlement

In the event that after the above improvements are made the value of the additional benefit has not been exhausted, the remaining value shall be paid to the Participant in a lump sum cash payment.

13.07 50% Cost-Sharing

If the employment of a Participant is terminated, he shall be entitled to a lump sum equal to the excess, if any, of (a) over (b) below on his date of termination:

- (a) the Participant's Accumulated Contributions,
- (b) 50% of the Commuted Value of pension benefits.

If the Participant is employed outside of Quebec, then he may elect either to receive a refund of such lump sum or to use the excess to provide for additional pension benefits. If the Participant is employed in Quebec, then he shall use the excess to provide for additional pension benefits. In the event that the Participant elects additional pension benefits, the Administrator may, in its sole discretion, elect to purchase an annuity from an insurance company.

13.08 Additional Voluntary Contributions

Upon a Participant's termination of service before his retirement, his Additional Voluntary Contributions with interest shall be applied to provide additional pension, commencing on the first day of any month subsequent to his 55th birthday and prior to the end of the year in which the Participant attains age 71 which he shall specify, or, in lieu thereof, the Participant may elect prior to the first payment of such additional pension to receive such Additional Voluntary Contributions with interest as a lump-sum amount or transferred to a retirement savings arrangement which is of the kind prescribed by Applicable Legislation or a combination of the two options. In the event that the Participant elects additional pension benefits, the Administrator will purchase an annuity from an insurance company licensed to carry on an annuities business in Canada.

## **SECTION XIV – DB DEATH BENEFITS**

### 14.01 Additional Voluntary Contributions

Upon the death of a Participant prior to the commencement of any pension derived from his Additional Voluntary Contributions, there shall be payable to the Participant's Beneficiary an amount equal to the excess, if any, of his Additional Voluntary Contributions with interest over the sum of all amounts plus interest paid to such Participant, if any, which were attributable to such Additional Voluntary Contributions.

In the case that the Participant's Beneficiary is the Participant's Spouse, the Participant's Spouse could elect to have the benefit amount transferred to a Registered Retirement Saving Plan or be used to provide an annuity. In the event that the Participant's Spouse elects to receive an annuity, the Administrator will purchase an annuity from an insurance company licensed to carry on an annuities business in Canada.

Upon the death of a Participant after the commencement of any pension derived from his Additional Voluntary Contributions, the death benefit payable, if any, shall be in accordance with the form of pension payment selected by the Participant upon his retirement.

### 14.02 Death Prior to Pension Commencement

#### (a) For Service Prior to January 1, 1987

##### (i) After Attaining Age 65

In the event of the death of a Participant, after he has attained age 65 but before his pension payments have commenced, there shall become payable to the Participant's Spouse (if no Spouse survives the Participant, to the Beneficiary or the estate) under the Plan a lump sum settlement equal to the Participant's Accumulated Contributions in respect of contributions made prior to January 1, 1987, unless a pension option has been elected. If a pension option has been elected, payments will be made to the Participant's Spouse commencing on the first day of the month following the date of death at the same rate as would have been payable had the pension payments to him commenced on the Participant's Normal Retirement Date. At the option of the Participant's Spouse, the amount of entitlement may be taken as outlined in Section 14.04 [Settlement].

Notwithstanding anything to the contrary in the Plan, in particular Section 12.05 [Election Irrevocable], in the event of the death of the Participant's Spouse before pension payments have commenced to the Participant, any election made will be void and the Participant will be treated as though he had made no election.

- (ii) Less Than 10 Years of Continuous Service, Before Attaining Age 65  
In the event of the death of a Participant who has less than ten years of Continuous Service, before he has attained age 65 and before pension payments to him have commenced, there shall become payable to the Participant's Spouse (if no Spouse survives the Participant, to the Beneficiary or the estate) under the Plan a lump sum settlement equal to the Participant's Accumulated Contributions in respect of contributions made prior to January 1, 1987. At the option of the Participant's Spouse, the amount of entitlement may be taken as outlined in Section 14.04 [Settlement].
- (iii) More Than 10 Years of Continuous Service, Before Attaining Age 65  
If a Participant who has completed ten or more years of Continuous Service dies while in the service of the Company, before he has attained age 65 and before pension payments to him have commenced, and at the time of his death, he does not have a Spouse, there shall become payable to the Beneficiary or, if no Beneficiary has been designated, the estate, under the Plan a lump sum settlement equal to the Participant's Accumulated Contributions in respect of contributions made prior to January 1, 1987.

If a Participant who has completed ten or more years of Continuous Service dies while in the service of the Company, before he has attained age 65 and before pension payments to him have commenced, and at the time of his death, he is survived by a Spouse, there shall be payable to such Spouse a Spouse's Pension Benefit.

The amount of the Spouse's Pension Benefit payable shall be 50% of the pension benefit credited to the Participant under Section 9.02 [Normal Retirement Pension] based upon his Credited Service up to December 31, 1986 or the time of his death, whichever occurs first.

A Spouse's Pension Benefit shall commence on the first day of the month following the death of the Participant and shall cease with the monthly installment payable on the first day of the month in which the Spouse dies. In the event that the aggregate of the payments in respect of the Spouse's Pension Benefit to the Spouse is less than the Accumulated Contributions in respect of contributions made prior to January 1, 1987, the difference shall be paid to the Spouse's beneficiary or estate.

- (b) For Service On and After January 1, 1987  
If a Participant dies while in the service of the Company prior to the commencement of pension payments, such Participant's Spouse (in the absence of a

Spouse, his Beneficiary or estate) shall be entitled to a lump sum equal to the sum of the excess contributions determined in accordance with Section 9.05 [50% Cost-Sharing] and the Commuted Value of pension benefits earned on and after January 1, 1987 to the Participant's date of death determined in accordance with Section 9.04 [Future Service Retirement Income].

Notwithstanding the preceding paragraphs, if a Participant who has ten years of Continuous Service dies while in the service of the Company prior to the commencement of pension payments and he is survived by a Spouse, his Spouse shall be entitled to a lump sum amount equal to the greater of:

- (1) the sum of the excess contributions determined in accordance with Section 9.05 [50% Cost-Sharing] and the Commuted Value of any pension benefits earned on and after January 1, 1987 to the Participant's date of death determined in accordance with Section 9.04 [Future Service Retirement Income], and
- (2) the Commuted Value of the Spouse's Pension Benefit as defined under 14.02(a)(iii) in respect of service on and after January 1, 1987 to the Participant's date of death.

At the option of the Spouse, the amount of entitlement may be taken as outlined in Section 14.04 [Settlement].

(c) Alberta Participants

Notwithstanding the foregoing, in the event of the death of an Alberta Participant before pension payments to him have commenced, such Participant's Spouse (in the absence of a Spouse, his Beneficiary or estate) shall be entitled to an amount equal to the Commuted Value of pension benefits earned to the Participant's date of death determined in accordance with Section IX [DB Normal Retirement and Maximum Pension]. Such amount shall be transferred to one of the retirement options specified in Section 13.01 [Termination Benefits] and shall not be available as an immediate or deferred pension under Section 14.04 [Settlement].

14.03 Death After the Commencement of Pension Payments

Upon or after the death of a Pensioner, the Pensioner's Spouse, or, in the absence of a Spouse, his Beneficiary or estate, shall be entitled to receive the excess, if any, of his Accumulated Contributions over the total of any benefits paid to him or his Spouse. If, upon the death of the Pensioner, no further retirement benefits are payable under the automatic spousal form of pension, in accordance with Section 12.02 [Automatic spousal Form], or the option elected in accordance with Section 12.04 [Optional Forms], the death benefit so defined shall be paid immediately. If further retirement benefits are payable in

accordance with Section 12.02 [Automatic Spousal Form] or under the option elected in accordance with Section 12.04 [Optional Forms], the determination and the payment, if any, of the death benefits so defined shall be delayed until the death of the Pensioner's Spouse.

In the event of the death of a Pensioner whose pension was of a form under which payments are to be continued to the Spouse of the Pensioner after his death, the last pension payment shall be that made on the first day of the month in which the death of such Spouse occurs.

#### 14.04 Settlement

In the event that the person entitled to a death benefit is the Spouse of the Participant, such person may elect, by filing a written notice with the Administrator within 90 days after the death of the Participant, to receive settlement of any amount payable under Section 14.02 [Death Prior to Pension Commencement] in the form of either an immediate life annuity or a deferred life annuity commencing no later than one year following the Participant's date of death or on the first day of any month preceding the calendar year in which the Spouse attains age 71, whichever is later. If the annuity elected is payable for life with a guarantee period, such guarantee period may not exceed 15 years.

## **PART III – DEFINED CONTRIBUTION & MINIMUM DB GUARANTEE PROVISION**

### **SECTION XV – DC CONTRIBUTIONS**

#### **15.01 Participant's Required Contributions**

Each Participant shall contribute to the Plan, through payroll deductions, while he is a Participant subsequent to the Effective Date and prior to December 31 of the year in which the Participant achieves 71 years of age, 3% of his Compensation. In no event should a Participant's Required Contributions for a calendar year be greater than one half the maximum specified in Section 15.05 [Maximum Participant Contributions].

#### **15.02 Participant's Enhanced Contributions**

In addition to the contributions required in accordance with Section 15.01 [Participant's Required Contributions] above, each Participant has the option of contributing an additional 1 or 2% of his Compensation. In no event should a Participant's Enhanced Contributions, when combined with the Participant's Required Contributions, for a calendar year be greater than one half the maximum specified in Section 15.05 [Maximum Participant Contributions].

A Participant may change the level of his Enhanced Contributions once a Plan Year during a period selected by the Company.

#### **15.03 Participant's Additional Voluntary Contributions**

In addition to the contributions made by the Participant in accordance with Section 15.01 [Participant's Required Contributions] and 15.02 [Participant's Enhanced Contributions], each Participant had the option of making Additional Voluntary Contributions to the Plan. The Participant may make current service Additional Voluntary Contributions through payroll deduction by the Company or by direct payment to the Company as permitted by Applicable Legislation and under the Income Tax Act.

Any Participant who chooses to make Additional Voluntary Contributions cannot have a pension adjustment greater than the money purchase limit for the year, as those terms are defined in the Income Tax Act.

Locked-in funds transferred from another registered plan will be deposited into the locked-in portion of the Participant's Voluntary Account.

#### **15.04 Company Contributions**

The Company shall contribute monthly such amounts that are equal to the Participant's Required and Enhanced Contributions. The Company shall not match the Participant's Additional Voluntary Contributions.

The Company contributions in the preceding paragraph shall first be paid by the excess of the assets of the Fund over the actuarial liabilities of the Plan (in accordance with section 147.3(4.1) of the Income Tax Act), as the Plan Actuary certifies. Once any excess has been exhausted or if no excess exists, the Company contributions shall be paid by the Company.

15.05 Maximum Participant Contributions

The total contributions made by, or on behalf of, a Participant in any calendar year shall not be greater than the money purchase limit for the particular year.

15.06 Investment of Participant Account

The assets in each Participant Account shall be invested, in accordance with the Participant's direction as outlined in Section 4.03(b) [Investments]. The Participant must notify the Company in writing as to which investment funds to invest in and shall have the right to modify his choices in writing once a month.

15.07 Application of Contributions and Investment Return

All contributions in respect of an individual Participant shall be remitted to the Funding Agency by the Company not later than 30 days after the end of the month in which the sum was deducted and shall be used towards providing defined contribution benefits under the Plan for that Participant.

Participant Accounts shall be credited with the rate of investment return applicable to each investment fund, net of investment related expenses referred to in Section 5.09(b) [Expenses]. The Participant Accounts shall be adjusted as frequently as the investment funds are valued and on the next business day on which the investment funds are valued, or as soon as practicable; in any event, such adjustments shall not be less frequently than once a year.

A Participant, upon giving the Company written notice of a request in the form prescribed by the Administrator together with any fee prescribed by the Administrator, may transfer, in part or in full, his Participant Voluntary Account except the partially locked-in portion, to a registered plan specified in Section 16.07(a) [Participant Voluntary Account]. On and after January 1, 2004, a member may not make such transfer if he has previously transferred funds from another registered plan into the Plan, or made a transfer out of the Plan in the current Plan Year.

15.08 No Withdrawal

While he remains in the employment of the Company, a Participant may not withdraw any portion of his Participant Contribution Account and Employer Contribution Account, nor may he discontinue or suspend his Required Contributions under Section 15.01 [Participant's Required Contributions].

15.09 Return of Excess Amount

Subject to Applicable Legislation and the prior consent of the Administrator, the Company may direct that an over-contribution be refunded out of the Participant's Participant Accounts to the Company or the Participant, as appropriate, in order to avoid revocation of the Plan's registration under the Income Tax Act.

15.10 Forfeitures

Any forfeitures held in the defined contribution portion of the Fund must either be:

- (a) paid to the Company,
- (b) returned to the defined benefit portion of the Fund, if such forfeitures were derived from assets transferred from the defined benefit portion of the Fund,
- (c) used by the Company to fund its' matching contributions, or
- (d) used by the Company to pay Plan expenses

on or before December 31, of the year immediately following the year in which the forfeitures first arose.

## **SECTION XVI – DC RETIREMENT PENSION**

### 16.01 Normal Retirement

Except as provided under Sections 16.03 [Early Retirement] and 16.05 [Late Retirement], payment of the Normal Retirement Pension shall commence on the Normal Retirement Date.

### 16.02 Normal Retirement Pension

The annual amount of pension payable to a Participant who retires is that which is purchased from a life insurance company licensed to carry on an annuities business in Canada with the Participant's Participant Accounts, excluding the Participant's Participant Voluntary Account. The Participant may elect to transfer all or a portion of his/her Participant Accounts in accordance with subsection 18.01 [Termination Benefits].

### 16.03 Early Retirement Date

A Participant may elect to retire at any time prior to the Normal Retirement Date provided he has attained the age of 55 years.

### 16.04 Early Retirement Pension

The annual amount of pension payable to a Participant who retires is that which is purchased from a life insurance company licensed to carry on an annuities business in Canada with the Participant's Participant Accounts, excluding the Participant's Participant Voluntary Account. The Participant may elect, at any time prior to commencing pension payments to transfer all or a portion of his/her Participant Accounts in accordance with subsection 18.01 [Termination Benefits].

### 16.05 Late Retirement

- (a) Subject to subsection 16.05(ii), a Participant may remain in the employment of the Company beyond his Normal Retirement Date. Such Participant will continue to make contributions as required or permitted by Section 15 [DC Contributions]. The Company will continue to make any contributions it is required to make in accordance with Section 15 [DC Contributions]. Such Participant must commence receiving a pension no later than December 31 of the year in which the Participant achieves 71 years of age, and contributions will cease upon pension commencement.
- (b) A Participant who is employed in Quebec and remains in the employment of the Company beyond his Normal Retirement Date may elect to commence receiving a portion of his pension benefit equal to any reduction in earnings suffered after his Normal Retirement Date, with effect from his Normal Retirement Date and to defer receiving the balance of his pension benefit until the earlier of:

- (i) the termination of his employment,
- (ii) his actual retirement date,
- (iii) December 31st of the year in which he attains the age of 71 years (or such other date as permitted by the Income Tax Act), or
- (iii) his death.

16.06 Late Retirement Entitlements

The annual amount of pension payable to a Participant who retires is that which is purchased from a life insurance company licensed to carry on an annuities business in Canada with the Participant's Participant Accounts, excluding the Participant's Participant Voluntary Account. The Participant may elect, at any time prior to commencing pension payments to transfer all or a portion of his/her Participant Accounts in accordance with subsection 18.01 [Termination Benefits].

16.07 Participant Voluntary Account

Upon a Participant's retirement, his Participant Voluntary Account shall be applied in any combination of the following options, subject to Applicable Legislation:

- (a) to transfer to a registered plan, subject to any locking-in restrictions required by Applicable Legislation, or to provide additional pension, which shall be payable on the basis selected by the Participant and in accordance with the Income Tax Act,
- (b) to receive all or any specified portion of his Participant Voluntary Account in a single payment, as elected by the Participant prior to the first payment of his pension, subject to any locking-in restrictions required by Applicable Legislation,
- (c) to leave all or any specified portion of his Participant Voluntary Account in the Plan to be applied as in (a) or (b), as elected by the Participant, at a future date not later than the end of the year in which the Participant attains age 71.

In the event that a Participant elects to use his Participant Voluntary Account to provide additional pension, the additional pension will be funded by purchasing an annuity from an insurance company licensed to carry on an annuities business in Canada.

## **SECTION XVII – DC FORMS OF PENSION**

### 17.01 Normal Form

Pensions shall be payable to a Pensioner commencing on the Pensioner's retirement date and shall be payable in equal monthly installments on the first day of each month thereafter during the life of such Pensioner.

### 17.02 Automatic Form with Spouse

In the event that the Pensioner has a Spouse at the time of pension commencement, the pension shall be payable in form such that 60% of the monthly payment shall be paid to the Spouse, for the life of the Spouse, after the death of Pensioner.

The Spouse may waive this right by a declaration in writing in accordance with Applicable Legislation and presenting said declaration to the administrator.

## **SECTION XVIII – DC TERMINATION BENEFITS**

### **18.01 Termination Benefits**

Upon the termination of employment of a Participant for reasons other than retirement or death, the Participant shall be entitled to any combination of the following:

- (a) a deferred or immediate life annuity purchased with the funds in the Participant's Participant Accounts from an insurer that meets the requirements of the Applicable Legislation,
- (b) transfer the Participant's Participant Accounts to a retirement savings arrangement which is of the kind prescribed by Applicable Legislation, or
- (c) transfer the Participant's Participant Accounts to such other tax-exempt trust or pension plan as he may designate, if such transfer is permitted under the Applicable Legislation and such other plan accepts the transfer.

provided that such transfer is in accordance with the restrictions set out in Section 147.3 of the Income Tax Act.

It is further provided that the plan or the insurer, as the case may be, to which any such amounts are transferred, must guarantee to administer such transferred amounts in accordance with the Applicable Legislation.

The Administrator shall not permit a transfer or purchase under this Section unless the Administrator is satisfied that the transfer or purchase is made in accordance with Applicable Legislation.

### **18.02 Transfer Option Available to Participants Employed in Quebec**

Subject to the requirements of the Income Tax Act, a Participant employed in Quebec who:

- (a) has not attained age 55, and
- (b) has complied with all other conditions prescribed under the Supplemental Pension Plans Act (Quebec),

may request a transfer each year from the Plan to a life income fund (LIF), of an amount sufficient for the LIF to pay a temporary pension to the person. The amount of the transfer is subject to the provisions of the Supplemental Pension Plans Act (Quebec).

A Participant may make a transfer election under Section 18.01 [Termination Benefits]

within 90 days after receiving his statement of termination of active membership or subsequently only every 5 years thereafter within the 90 days which follow the date of expiry of every fifth year.

18.03 Participant Voluntary Account

Notwithstanding Section 18.01 [Termination Benefits] above, a Participant may elect, prior to commencing receiving a pension, to receive his Participant Voluntary Account in a lump-sum amount (subject to any locking-in restrictions required by Applicable Legislation), or transferred to a retirement savings arrangement which is of the kind prescribed by Applicable Legislation or a combination of the two options.

## **SECTION XIX – DC DEATH BENEFITS**

### 19.01 Death Prior to Pension Commencement

#### (a) Death Benefit Payable to Spouse

In the event that a Participant with a Spouse dies prior to retirement, the Spouse shall receive the value of the Participant's Participant Accounts as either a life annuity (immediate or deferred until no later than December 31 of the year in which the Spouse achieves 71 years of age) or transferred to a retirement savings arrangement which is of the kind prescribed by Applicable Legislation or a combination of the two options.

#### (b) Death Benefit Payable to Beneficiary or estate

In the event that a Participant without a Spouse dies prior to retirement, the Participant's Beneficiary or, if no Beneficiary exists, the Participant's estate shall receive the value of the Participant's Participant Accounts as a lump-sum payment.

### 19.02 Death After the Commencement of Pension Payments

In the event that a Participant dies after pension commencement, benefits shall be payable in accordance with the form of pension chosen by the Participant under the Plan.

## **SECTION XX – DC SERVICE WITH SUBSIDIARIES**

### 20.01 Continuous Service - Transfer to Company

A Participant shall not be considered terminated if his employment in Canada is transferred to any affiliate, parent or subsidiary of Canadian Bank Note Company, Limited not included under the Plan without interruption of his employment.

### 20.02 Transfer to Foreign Affiliate

In the event of the transfer of a Participant in the Plan from the service of the Company to the service of a foreign affiliate, parent, or subsidiary having a plan affording benefits substantially similar to this Plan, the Participant shall be deemed to have terminated employment and be entitled to the benefits provided under Section XVIII [DC Termination Benefits].

### 20.03 Transfer to Ineligible Employment

If at any time a Participant shall transfer to an employment position that is not covered by the Plan or to an employment position that is covered by another pension arrangement sponsored by the Company, the Participant shall be deemed to have terminated employment and be entitled to the benefits provided under Section XVIII [DC Termination Benefits].

## **SECTION XXI – DC SERVICE INTERRUPTIONS**

### **21.01 Paid Leave of Absence**

An Employee on approved leave of absence who continues to receive Compensation from the Company during the period of such leave shall continue to make contributions under the Plan on the basis of such Compensation.

### **21.02 Accrual of Pension while receiving Workers' Compensation Benefits**

A Participant who is disabled and receiving benefits from the Workers' Compensation Board shall have the option of either:

- (a) discontinuing contributions to the Plan, or
- (b) continuing contributions to the Plan for a period of not more than one year, at a rate in accordance with Section XV [DC Contributions] and his Compensation shall be deemed to be the same as his Compensation immediately prior to commencement of leave.

Continuous Service shall not be considered broken by any period of disability, as defined in the Income Tax Act, not exceeding one year during which the Participant is in receipt of benefits from the Workers' Compensation Board.

### **21.03 Pregnancy and Parental Leave**

A Participant who is on either an unpaid pregnancy leave or an unpaid parental leave (as such terms are defined in the Employment Standards Act (Ontario) or applicable employment standards legislation) shall have the option of either:

- (a) discontinuing contributions to the Plan during such leave, or
- (b) continuing contributions to the Plan during such leave, at a rate in accordance with Section XV [DC Contributions] and his Compensation shall be deemed to be the same as his Compensation immediately prior to commencement of leave.

Continuous Service shall not be considered broken by any pregnancy or parental leave.

### **21.04 Other Unpaid Leave of Absence**

A Participant who is on an unpaid leave of absence shall have the option of either:

- (a) discontinuing contributions to the Plan during such leave, or
- (b) continuing contributions to the Plan during such leave, at a rate in accordance with Section XV [DC Contributions] and his Compensation shall be deemed to be the

same as his Compensation immediately prior to commencement of leave.

21.05 Period of Work-Sharing

During a Period of Work-Sharing a Participant shall have the option of:

- (a) continuing contributions to the Plan based on his Compensation immediately prior to commencement of the Period of Work-Sharing, in which case the Participant shall be deemed to have taken an unpaid leave of absence equal to 1 minus the Participant's current hours divided by the Participant's full-time hours for every year the Participant engages in work-sharing, or
- (b) continuing contributions to the Plan based on his Compensation during the Period of Work-Sharing.

21.06 Limits on Unpaid Leave of Absences or Periods of Work-Sharing

A Participant is limited to a total of 5 years of unpaid leaves of absence plus an additional 3 years of leave taken immediately after the birth of a child of whom the Participant is a natural parent or at the time the Participant adopts a child and ending not more than 12 months later.

A Participant shall not be entitled to continue contributing to the Plan when on a leave of absence in excess of the above limits.

## **SECTION XXII – DB GUARANTEE PROVISION**

### 22.01 Eligible Participants

Those Employees who,

- (a) were Participants on March 31, 2002,
- (b) were at least 45 years of age but less than 58 years of age on March 31, 2002,
- (c) had at least 10 years of Continuous Service on March 31, 2002, and
- (d) elected under Section 3.01(a) (ii) to accrue benefits subsequent to March 31, 2002 on a defined contribution basis,

were permitted to irrevocably elect as at April 1, 2002, to have the provisions of this Section XXII apply in the calculation of their pension benefit under the Plan upon their retirement. In this Section, such an election will be referred to as electing the "DB Guarantee" and a Participant who elects the DB Guarantee shall be referred to as a "DB Guarantee Participant".

### 22.02 Contributions

- (a) Notwithstanding Section 15.02 [Participant's Enhanced Contributions] but subject to subsection (b), where the Compensation of a DB Guarantee Participant in the Plan Year ending December 31, 2001 is equal to or greater than \$60,000, such Participant shall be required to elect to make Enhanced Contributions of at least 1% of his or her Compensation.
- (b) Where a DB Guarantee Participant is prevented from making Enhanced Contributions by reason only of the application of the maximum contribution rules under the Income Tax Act, Enhanced Contributions shall be made on a pro-rata basis by the Company and the Participant up to the maximum level permitted, and the provisions of this Section XXII shall continue to apply.

### 22.03 Credited Service

In addition to participating in the Plan in accordance with the provisions of Part III of the Plan [Defined Contribution and Minimum DB Guarantee Provisions], a DB Guarantee Participant shall continue to accrue Credited Service in accordance with Part II of the Plan [Defined Benefit Provisions].

### 22.04 Average Compensation

Notwithstanding Section 2.06(a) of the Plan [Definition of Average Compensation], "Average Compensation" in respect of a DB Guarantee Participant shall mean, subject to subsections 2.06 (b), (c) and (d), the Participant's highest annual average Compensation in any five consecutive years prior to April 1, 2002.

#### 22.05 Retirement Benefit

Notwithstanding Part II of the Plan [Defined Benefit Provisions] and Section XVI [DC Retirement Pension] of Part III [Defined Contribution and Minimum DB Guarantee Provisions] of the Plan, a DB Guarantee Participant who retires on or after attaining his Early Retirement Age, is entitled to an annual pension equal to:

- (a) the annual pension provided under Part II [Defined Benefit Provisions], Section IX [DB Normal Retirement and Maximum Pension] (as modified by Section X [DB Early Retirement] or XI [DB Late Retirement] as necessary) calculated using the Participant's Credited Service and Average Compensation as described above and using his Participant Contribution Account instead of his Accumulated Contributions in Sections 9.05, 10.03, and 11.04 [50% Cost-Sharing], minus the annual pension provided in accordance with Section XVI [DC Retirement Pension] of Part III [Defined Contribution and Minimum DB Guarantee Provisions], as if a pension is purchased from a life insurance company selected by the Administrator, excluding the portion of his pension provided under Section 16.07 [Participant Voluntary Account], provided that the amount calculated under this paragraph (a) may not be less than zero;

plus

- (b) the pension provided in accordance with Section XVI [DC Retirement Pension] of Part III [Defined Contribution and Minimum DB Guarantee Provisions].

If the Participant chooses to commute and transfer his pension entitlement under Part III, then, for the purposes of (a) and (b) above, the pension provided in accordance with Section XVI [DC Retirement Pension] of Part III shall be deemed to be the pension that would have been so provided if the commutation and transfer had not occurred.

#### 22.06 Termination or Death

If a DB Guarantee Participant terminates employment or dies prior to attaining Early Retirement Age, then the pension benefit of such Participant shall be determined in accordance with the provisions of Sections XVIII [DC Termination Benefits] or XIX [DC Death Benefits] of Part III of the Plan [Defined Contribution and Minimum DB Guarantee Provisions], rather than this Section XXII.

#### 22.07 Manner of Payment of Pension Benefit

On the retirement of a DB Guarantee Participant, the annual pension described in Section 22.05 [Retirement Benefit] shall be provided as one pension rather than two pieces of a pension. The DB Guarantee Participant may elect either;

- (a) that the Company purchase the pension from a life insurance company licensed to carry on an annuities business in Canada; or

- (b) to transfer the Commuted Value of the pension benefit to:
  - (i) such other tax-exempt trust or pension plan as he may designate, if such transfer is permitted under the Applicable Legislation and such other plan accepts the transfer, or
  - (ii) a retirement savings arrangement which is of the kind prescribed by Applicable Legislation, or
  - (iii) an insurer for the purchase of a deferred life annuity that meets the requirements of the Applicable Legislation,

provided that such transfer is in accordance with the restrictions set out in Section 147.3 of the Income Tax Act.

It is further provided that the plan or the insurer, as the case may be, to which any such amounts are transferred, must guarantee to administer such transferred amounts in accordance with the Applicable Legislation.

The Administrator shall not permit a transfer or purchase under this Section unless the Administrator is satisfied that the transfer or purchase is made in accordance with Applicable Legislation.

#### 22.08 Participant Voluntary Account

A DB Guarantee Participant entitled to a pension benefit in accordance with Section 22.07, shall also be entitled to make an election with respect to the balance in his Participant Voluntary Account Sub-account at the same time as he makes the election under Section 22.07, to either take such balance, subject to any locking-in restrictions required by Applicable Legislation;

- (a) as a cash payment out of the Plan, or
- (b) in the same manner as the Participant elected under Section 22.07.

## **SECTION XXIII – VOLUNTARY CONTRIBUTIONS FOR NON-PARTICIPANTS**

### 23.01 Non-Participant Voluntary Contributions

An Employee who is not yet a Participant may, with the permission of the Company, make Additional Voluntary Contributions.

### 23.02 Maximum Non-Participant Contributions

The total contributions made by an Employee who is not a Participant in any calendar year shall not be greater than the *money purchase limit* for the particular year.

### 23.03 Non-Participant Termination Benefit

If the employment of an Employee is terminated before he becomes a Participant, he shall be entitled to receive a refund of his Non-Participant Voluntary Account. The Employee will receive the amount in his Non-Participant Voluntary Account as a lump-sum amount or transferred to a retirement savings arrangement which is of the kind prescribed by Applicable Legislation or a combination of the two options.

### 23.04 Non-Participant Death Benefit

#### (a) Death Benefit Payable to Spouse

In the event that an Employee who is not a Participant and who has a Spouse dies, the Spouse shall receive the value of the Employee's Non-Participant Voluntary Account as a lump-sum payment or transferred to a retirement savings arrangement which is of the kind prescribed by Applicable Legislation or a combination of the two options.

#### (b) Death Benefit Payable to Beneficiary or Estate

In the event that Employee who is not a Participant and who does not have a Spouse dies, the Employee's Beneficiary or, if no Beneficiary exists, the Employee's estate shall receive the value of the Employee's Non-Participant Voluntary Account as a lump-sum payment.

### 23.05 Participating in the Plan

After the Employee has become a Participant of the Plan, the value of the Employee's Non-Participant Voluntary Account shall be transferred to the non-locked in portion of the Employee's Participant Voluntary Account.

### 23.06 No Withdrawal

While he remains in the employment of the Company, an Employee may not withdraw any portion of his Non-Participant Voluntary Account.

## APPENDIX A

### ADJUSTMENT OF DEFERRED PENSION FOR QUEBEC EMPLOYEES

The pension of a Quebec Participant who participates in Part II and who remains in the employ of the Company after his Normal Retirement Date is adjusted as follows:

- (a) A notional account is set up for the Participant.
- (b) There will be credited to that account the monthly pension that the Participant would have received (up to but not including the date he actually begins to receive the pension) if he had retired on his Normal Retirement Date.
- (c) Each Plan Year there will be credited to such account, interest according to the following formula:

$$\frac{B + E}{2} \times i \times \frac{\text{Months in year during which account in operation}}{12}$$

where,

"B" is the balance of the notional account at the beginning of the Plan Year;

"E" is the balance of the notional account at the end of the Plan Year before interest for the year is credited;

"i" is the annual average in that Plan Year of the average yield on Government of Canada Bonds over 10 years to maturity as published by the Bank of Canada Review rounded to the nearest 1/4 of one percent.

- (d) When the postponement of the pension ceases, a monthly pension will be calculated based on the accumulation balance then existing in such account.
- (e) The accumulated balance in the account will be divided by the present value of an annuity of \$1.00 per month payable under the normal form of pension or any optional form of pension selected by the Participant in accordance with Section XIV [DB Death Benefits] of the Plan calculated by the Actuary and based on the following assumptions:
  - (i) Group Annuity Mortality Table for 1983; and,
  - (ii) Interest at a rate equal to the average yield on Government of Canada Bonds of over 10 years to maturity as published in the Bank of Canada Review,

rounded to the nearest 1/4 of a percent, for the month which precedes the month in which the deferred pension is to be paid by three months.

- (f) The Participant's adjusted pension will be calculated by adding:
  - (i) the monthly pension that the Participant would have been entitled to receive had he retired on his Normal Retirement Date; and
  - (ii) the pension calculated in accordance with paragraph (e) above.
- (g) In the event of a partial payment of the pension after the Normal Retirement Date but before actual retirement, the foregoing procedure will be applied separately to each part.
- (h) the pension payable under (f) above shall not be greater than the pension described in (f)(i) above adjusted on an Actuarial Equivalent basis.