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Cliffs Plan Doc
BARG. UNIT

**Pension Plan for Bargaining Unit Employees of Wabush Mines,
Cliffs Mining Company Inc., Managing Agent
Arnaud Railway Company
Wabush Lake Railway Company, Limited**

As Amended and Restated Effective as of March 1, 1996

Revenue Canada Registration Number 0555201

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Section 1 — Amendment and Restatement

1.01 Amendment and Restatement

Effective as of March 1, 1996, the Pension Plan for Bargaining Unit Employees of Wabush Mines, Cliffs Mining Company Inc., Managing Agent, Arnaud Railway Company, Wabush Lake Railway Company, Limited, Revenue Canada registration number 0555201, is amended and restated to allow active Members to choose, on a one-time-only basis, one of two forms of pension benefits:

- a Defined Benefit Provision based on a flat dollar benefit rate, pursuant to the terms of the Collective Agreement; or
- a Defined Benefit Provision based on a lower flat dollar benefit rate plus a Defined Contribution Provision with Member and Employer contributions, pursuant to the terms of the Collective Agreement.

Section 2 — Definitions

The following words and phrases, when used in this Plan, unless the context clearly indicates otherwise, shall have the following meanings:

2.01 Account

"Account" means, in respect of a Member, the account established to record the Member's contributions pursuant to Section 4.01(b), 4.03(a) and 4.04 and the Employer contributions pursuant to Sections 4.02(b), 4.03(b) and 4.04 plus any Credited Interest thereon.

2.02 Actuarial Equivalent

"Actuarial Equivalent" means, with respect to a benefit, the equivalent value, computed on the basis of actuarial assumptions last adopted for this purpose by the Employer on the recommendation of the Actuary. The determination of Actuarial Equivalent values shall not differentiate on the basis of gender.

2.03 Actuary

"Actuary" means the actuary or firm of actuaries retained by the Employer for the purposes of the Plan who is, or in the case of a firm of actuaries at least one of whom is, a Fellow of the Canadian Institute of Actuaries.

2.04 Approved Leave of Absence

"Approved Leave of Absence" means a period of unpaid leave of absence authorized by the Employer and includes a period of lay-off.

2.05 Beneficiary

"Beneficiary" means the person last designated by a Member by written notice filed with the Employer to receive benefits payable from the Plan upon the Member's death and who survives the Member.

2.06 Collective Agreement

"Collective Agreement" means the agreement in effect between the parties who are signatories to the Pension Agreement.

2.07 Commuted Value

"Committed Value" means, with respect to pension benefits that a person has a present or future entitlement to receive, a lump-sum amount of the Actuarial Equivalent value of said benefits as of a specified date as determined by the Actuary in accordance with the Recommendations for the Computation of Transfer Values from Registered Pension Plans issued by the Canadian Institute of Actuaries, or such other basis as may be permitted or required from time to time under Provincial Pension Laws and the *Income Tax Act*.

2.08 Continuous Service

- (a) "Continuous Service" means the period of regular employment with the Employer from the later of the date of commencement of employment with the Employer or the date of re-employment following the last break in service, if any.
- (b) Continuous Service shall be broken by an Employee's resignation or other voluntary termination of employment or termination of employment by the Employer, retirement or absence due to a non-compensable Disability for a period in excess of 36 consecutive months.
- (c) Notwithstanding (a) and (b) above, Employees with eight or more years of Continuous Service as of the date they become eligible for long term disability benefits pursuant to the Employer's program of insurance benefits shall continue to accrue Continuous Service until the payment of or eligibility for such benefits ceases. In the event that the long term disability insurance benefits are reduced to zero by virtue of an offset for workers' compensation benefits, Continuous Service shall continue to accrue notwithstanding that the actual payment of long term disability insurance benefits has ceased, until such time as the payment of or eligibility for such payments would otherwise have ceased under the terms of the Employer's program of insurance benefits. In the event that the long term disability insurance benefits cease due to the Employee's refusal to undergo a medical examination, as specified under the Employer's program of insurance benefits, Continuous Service shall be broken as of the date of eligibility for long term disability benefits unless the Employee returns to work within 30 days of the scheduled date of examination.
- (d) Notwithstanding (a) and (b) above, Continuous Service shall be broken:
 - (i) due to layoff for a period in excess of 36 months for an Employee having less than 36 months of Continuous Service at the time of layoff;
 - (ii) due to layoff for a period in excess of length of Continuous Service for an Employee having three to five years of Continuous Service at the time of layoff; and
 - (iii) due to layoff for a period in excess of five years for an Employee having more than five years of Continuous Service at the time of layoff.
- (e) Full time work for the Union while an Employee of the Employer for a period of not more than one year, shall not constitute a break in Continuous Service.
- (f) Notwithstanding anything to the contrary in the Plan, a transfer of employment from one Employer to an affiliate or subsidiary of the Employer shall not constitute a break in Continuous Service for the purpose of determining eligibility for benefits pursuant to the Plan.

2.09 Credited Interest

"Credited Interest" means interest on the amount in a Member's Account including any additional voluntary contributions pursuant to Section 4, compounded annually and computed from the first day of the month following the month in which the contributions were made to the first day of the calendar month in which a determination thereof is to be made, at the rate equal to the rate of return calculated on the portion of the Pension Fund in which the Member's Account and the additional voluntary contributions are deposited.

2.10 Credited Service

- (a) "Credited Service" means a Member's years and completed calendar months (expressed as twelfths of a year) of Continuous Service during which the Member participated in or was credited with participation in the Plan. For the purposes of this section, a "completed calendar month" shall include a calendar month during which an employee has participated or was credited with participation in the Plan for 15 or more days in the month.
- (b) However, Credited Service excludes:
 - (i) any service excluded pursuant to Section 3.05;
 - (ii) absence due to suspension, resulting from the Employer's decision or an arbitrator's award;
 - (iii) absence for study leave for more than 10 months;
 - (iv) full time work by an Employee on a self-employed basis or for an employer other than the Employer while on Approved Leave of Absence; and
 - (v) full time work for the Union by an Employee on an Approved Leave of Absence in excess of two months;
- (c) In no event shall the total period of unpaid Approved Leave of Absence for the purposes of Credited Service exceed five years, except for periods of parenting as defined in regulation 8507(3)(ii) of the *Income Tax Act*, in which case up to an additional three years of leave may be included as Credited Service. The limit in regulation 8507 of the *Income Tax Act* shall not apply to Disability.

2.11 Deferred Vested Termination Date

"Deferred Vested Termination Date" means the date described pursuant to Section 5.05.

2.12 Defined Benefit Provision

"Defined Benefit Provision" means the pension benefits calculated with reference to Section 6.01(a) and Section 6.01(b)(i) and excludes the pension benefits derived from the Defined Contribution Provision.

2.13 Defined Contribution Provision

"Defined Contribution Provision" means the pension benefits derived from the Members' contributions made pursuant to Section 4.01(b), 4.03(a) and 4.04, and the Employer's contributions made pursuant to Section 4.02(b), 4.03(b) and 4.04, and as calculated with reference to Section 6.01(b)(ii) and excludes the pension benefits derived from the Defined Benefit Provision.

2.14 Disability or Disabled

"Disability" or "Disabled" means, suffering from a physical or mental impairment, as certified by a medical doctor, that prevents an Employee from performing the duties of employment in which the Employee was engaged before the commencement of the impairment. If the Disability continues for more than two years, the impairment must prevent the Employee from performing any job available to the Employee under the Collective Agreement.

2.15 Early Retirement Date

"Early Retirement Date" means the date of a Member's early retirement pursuant to Section 5.02.

2.16 Effective Date

"Effective Date" means, in respect of this amended and restated text of the Plan, March 1, 1996.

2.17 Employee

"Employee" has the same meaning as in the Collective Agreement and:

- (a) "Full-Time Employee" means an Employee who, in the 120 months preceding retirement was regularly scheduled to work on a straight-time schedule of 40 hours per week.
- (b) "Part-Time Employee" means an Employee who, in the 120 months preceding retirement was regularly scheduled to work fewer hours than the straight-time schedule of a Full-Time Employee.

2.18 Employer

"Employer" means Wabush Mines, Cliffs Mining Company, Managing Agent, Arnaud Railway Company and Wabush Lake Railway Company, Limited.

2.19 Funding Agency

"Funding Agency" means the trust company or insurance company, or any successor trust or insurance company, the Employer may appoint from time to time to hold, invest and administer the assets in the Pension Fund.

2.20 Funding Agreement

"Funding Agreement" means the agreement entered into between the Employer and the Funding Agency governing the custody, investment and administration of the assets in the Pension Fund.

2.21 Hours of Service

"Hours of Service" means each hour for which an Employee is directly or indirectly paid by the Employer for the performance of duties or for reasons other than the performance of duties.

2.22 Income Tax Act

"Income Tax Act" means the *Income Tax Act (Canada)*, as amended from time to time, the regulations made thereunder and the published information circulars, interpretation bulletins and administrative guidelines of Revenue Canada.

2.23 Member

"Member" means an Employee who has been enrolled in the Plan pursuant to Section 3 and who continues to have rights or contingent rights to benefits pursuant to the Plan. "Member" includes a former Employee who has retired or terminated employment with the Employer but who retains a right to benefits pursuant to the Plan.

2.24 Normal Retirement Date

"Normal Retirement Date" means the date of a Member's normal retirement pursuant to Section 5.01.

2.25 Pension Agreement

"Pension Agreement" means the agreement between the Employer and Local Unions 6254, 6285 and 6680 of The United Steelworkers of America, with respect to this Plan and any similar agreement with another Union Local or Union, providing for the application of this Plan to the Employees represented by such union(s).

2.26 Pension Committee

"Pension Committee" means the committee described in Section 11.

2.27 Pension Benefits Act

"Pension Benefits Act" means the Newfoundland *Pension Benefits Act*, as amended, and the Regulations thereunder.

2.28 Pension Commencement Date

"Pension Commencement Date" means the date upon which a Member's payment of pension benefits is due to commence.

2.29 Pension Fund

"Pension Fund" means the fund established pursuant to the terms of the Plan and the Funding Agreement to which all contributions under the Plan are made and from which the benefits and expenses of the Plan are paid.

2.30 Plan

"Plan" means the Pension Plan for Bargaining Unit Employees of Wabush Mines, Cliffs Mining Company Inc., Managing Agent, Arnaud Railway Company and Wabush Lake Railway Company, Limited.

2.31 Pre-Pension Spouse Coverage

"Pre-Pension Spouse Coverage" means the optional benefit pursuant to Section 8.03

2.32 Plan Year

"Plan Year" means each 12 month period ending December 31.

2.33 Québec Member

"Québec Member" means a Member who reports for work in the Province of Québec.

2.34 Special Early Retirement Date

"Special Early Retirement Date" means the date of a Member's special early retirement pursuant to Section 5.03.

2.35 Special Postponed Retirement Date

"Special Postponed Retirement Date" means the date of a Member's special postponed retirement pursuant to Section 5.04.

2.36 Spouse

"Spouse" means a person of the opposite sex of a Member, who either:

- (a) on the date of determination of marital status, is legally married to the Member and is not living separate and apart from the Member;
- (b) is not legally married to the Member but who has been living with the Member in a conjugal relationship continuously for a period of at least 3 years; or
- (c) is not legally married to the Member, but who is living with the Member in a conjugal relationship continuously for a period of at least one year and who, together with the Member, is the natural or adoptive parent of a child, both as defined in applicable family law legislation.

It is provided, however, that a person described in (b) or (c) above shall not be considered the Spouse of the Member for the purposes of the Plan if there is also a legal Spouse pursuant to (a) above, unless the Member has submitted a written election to the contrary to the Employer.

2.37 Surplus Assets

"Surplus Assets" means, at any particular point in time, the excess of assets in the Pension Fund over the liabilities of the Plan, as determined by the Actuary. The assets and liabilities shall be as set out in the most recent going concern valuation report with respect to the determination of Surplus Assets on a going concern basis or the most recent wind-up valuation report with respect to the determination of Surplus Assets on a wind-up basis, as the case may be, filed with and approved by the applicable regulatory authorities.

2.38 Union

"Union" means Local Unions 6254, 6285 and 6680 of The United Steelworkers of America.

2.39 YMPE

"YMPE" means the Year's Maximum Pensionable Earnings as defined in the *Canada Pension Plan* or the *Québec Pension Plan*, as applicable.

Words importing the singular number shall include the plural and vice versa depending upon the context.

Section 3 — Membership

3.01 Immediate Membership

A person who is hired by the Employer as an Employee shall join the Plan as of the Employee's date of hire.

3.02 Opting Out of Membership Not Permitted

A Member shall not discontinue or suspend his or her membership in the Plan while the Member is an Employee.

3.03 Change of Employment Status

If a Member's employment status with the Employer changes such that the Member is no longer an Employee, the Member's active participation in the Plan shall cease as of the date of said change in status and the Member shall cease to accrue further benefits pursuant to the Plan as of the date of said change in status.

3.04 Participation in Defined Benefit Provision and Defined Contribution Provision

(a) Current Members

An Employee who is a Member as of the day preceding the Effective Date shall participate in the Defined Benefit Provision and may elect to participate in the Defined Contribution Provision, effective as of October 1, 1996, on the form prescribed by the Employer.

(b) New Members

An Employee who becomes a Member on or after the Effective Date shall participate in both the Defined Benefit Provision and the Defined Contribution Provision, effective as of the date the Employee becomes a Member.

3.05 Transfers of Employment

- Transfer out*
- (a) An Employee who ceases to be a Union member, but who remains employed with the Employer, shall cease accruing benefits pursuant to the Plan, however, the employee shall remain eligible to receive the benefits accrued pursuant to the Plan upon the employee's subsequent termination of employment, retirement or death. Employment with the Employer in a capacity other than as an Employee shall continue to count as Continuous Service for the purpose of vesting of benefits, eligibility for retirement and similar matters, but not as Credited Service for benefit calculation purposes pursuant to the Plan.

Transfer is

- (b) Should an employee of the Employer transfer to a position in which the ~~employee is~~ classified as an Employee pursuant to the Plan, any pension benefits to which the employee is entitled by reason of his or her prior service shall be dealt with pursuant to any pension plan applicable to his or her prior employment. For the purposes of the Plan, such prior service shall be counted as Continuous Service for the purposes of eligibility for participation and benefits, but not as Credited Service for the purposes of benefit calculation.

Section 4 — Contributions

4.01 Member Contributions

(a) **Defined Benefit Provision**

Members shall not contribute to the Defined Benefit Provision of the Plan.

(b) **Defined Contribution Provision**

A Member who participates in the Defined Contribution Provision of the Plan shall contribute to the Member's Account, in equal instalments, by payroll deduction, an amount equal to \$2,000 per calendar year.

(c) **Additional Voluntary Contributions**

A Member who participates in the Defined Contribution Provision may, in addition to the contributions pursuant to (b) above, make additional voluntary contributions to the Member's Account, by payroll deduction, up to such amounts as are permissible pursuant to the *Income Tax Act* as deductible contributions to a registered pension plan.

(d) **Remittance of Contributions**

The Employer shall remit Member contributions pursuant to (b) and (c) above as soon as practical but not later than 7 days following the pay date on which they fall due.

4.02 Employer Contributions

The Employer shall have no liability to make any payments to the Pension Fund except as expressly provided in the Plan.

(a) **Defined Benefit Provision**

(i) The Employer shall bear the costs related to the Defined Benefit Provision. The Employer shall contribute to the Pension Fund in respect of the Defined Benefit Provision in such amount, based on the latest actuarial valuation report prepared by the Actuary and filed with the Newfoundland pension regulatory authority and Revenue Canada, as is required to provide for the normal cost of benefits accruing in the current Plan Year, after taking into account the assets of the Pension Fund and all other relevant factors, and to provide for the proper amortization of all unfunded liabilities and solvency deficiencies, if any, in accordance with the *Pension Benefits Act* and subject to subsection 147.2(2) of the *Income Tax Act*.

(ii) The employer shall not contribute any amount to the Pension Fund which is not permissible pursuant to subsection 147.2(2) of the *Income Tax Act*.

(b) Defined Contribution Provision

- (i) The Employer shall contribute in equal instalments each payroll period to the Pension Fund in respect of the Defined Contribution Provision each calendar year, an amount in respect of each Member who participates in the Defined Contribution Provision determined according to the Member's Continuous Service as follows:

Member's Continuous Service	Annual Employer Contribution
Less than 10 years	\$1,000
10 years or more but less than 20 years	\$1,750
20 years or more	\$2,500

- (ii) In the event that a Member attains 10 years or 20 years of Continuous Service part way through a calendar year, the Employer contribution shall increase for the remainder of the calendar year, in accordance with the above table, with effect from the beginning of the pay period immediately following the pay period in which the 10 or 20 year anniversary is attained.

(c) Remittance of Contributions

The Employer shall remit its contributions in respect of the Defined Benefit Provision in accordance with applicable legislation in equal instalments within 30 days following the month in which they fall due, and shall remit its contributions in respect of the Defined Contribution Provision in accordance with applicable legislation in equal instalments as soon as practical but not later than 7 days following the pay date on which they fall due.

4.03 Contributions Under Defined Contribution Provision During Approved Leaves of Absence

(a) Member Contributions

- (i) A Member who participates in the Defined Contribution Provision and who is on an Approved Leave of Absence may continue to contribute to the Member's Account pursuant to Section 4.01 (b). Alternatively, the Member may contribute a lesser amount or may cease contributing to the Member's Account. Prior to commencing the Approved Leave of Absence, the Member shall inform the Employer in writing of the amount of the Member's contributions. The contributions shall be made in equal instalments, by payroll deduction or, if such method of payment is not possible, by delivering to the Employer post-dated cheques in respect of each month of the Approved Leave of Absence.

- (ii) In lieu of contributing to the Member's Account during an Approved Leave of Absence, the Member may instead elect to contribute to the Member's Account immediately upon returning to work from an Approved Leave of Absence. In such case, the Member may elect to contribute the amount which he would have otherwise contributed pursuant to Section 4.01(b) or a lesser amount, and the Member shall make such contributions within the lesser of the period of time equal to the period of the Approved Leave of Absence or 12 months.

(b) **Employer Contributions**

The Employer shall contribute to the Pension Fund in respect of the Defined Contribution Provision pursuant to Section 4.02 in respect of a Member who participates in the Defined Contribution Provision and who is on an Approved Leave of Absence, however, if a Member elects to contribute a lesser amount than prescribed pursuant to Section 4.01 (b), the Employer's contributions shall be reduced proportionately. The Employer shall not contribute in respect of a Member who elects to cease contributing to the Member's Account during an Approved Leave of Absence.

4.04 Application of Surplus Assets

In the event there are Surplus Assets in the Pension Fund, the Employer may in its sole discretion apply the Surplus Assets or any portion of the Surplus Assets toward the amount of Employer contributions pursuant to Section 4.02 or Section 4.03.

4.05 Transitional Provision

A Member who elects to participate in the Defined Contribution Provision pursuant to Section 3.04(a) may elect to increase the amount of his or her contributions pursuant to Section 4.01(b) from October 1, 1996 to December 31, 1996 in an amount equal to part or all of the contributions the Member would have made pursuant to the Defined Contribution Provision on and after the Effective Date and prior to October 1, 1996 and in such case, the Employer's contributions made in respect of such Member pursuant to Section 4.02(b) above shall be increased proportionately.

4.06 Maximum Contributions Under Defined Contribution Provision

The total of the contributions by a Member to the Pension Fund pursuant to Sections 4.01, 4.03, and 4.05 above and the Employer's contributions in respect of the Member pursuant to Section 4.02(b) and Sections 4.03 and 4.05 above for a calendar year shall not exceed the money purchase limit for the calendar year as prescribed under the *Income Tax Act*.

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4.07 Maximum Pension Adjustment

A Member's pension adjustment for a calendar year in respect of the Employer and any employer that does not deal at arm's length with the Employer shall not exceed the lesser of the money purchase limit for the calendar year and 18% of the Member's compensation in the calendar year, as prescribed under the *Income Tax Act*.

Section 5 — Retirement Dates

5.01 Normal Retirement Date and Mandatory Retirement

- (a) A Member's Normal Retirement Date shall be the first day of the month following the Member's attainment of age 65.
- (b) Retirement shall be mandatory upon a Member attaining age 65 unless the Member is a resident of the province of Quebec, in which case Section 14 applies.

5.02 Early Retirement Date

A Member's Early Retirement Date shall be the date of a Member's retirement from the Employer on the first day of any month prior to the Member's Normal Retirement Date and after the Member has met one or more of the following requirements:

- (a) completion of 30 years of Continuous Service;
- (b) attainment of age 55 and completion of 15 years of Continuous Service; or
- (c) attainment of age 62 and completion of 10 years of Continuous Service.

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5.03 Special Early Retirement Date

A Member's Special Early Retirement Date shall be the date of a Member's retirement from the Employer on the first day of any month prior to the Member's Normal Retirement Date and after the Member has either

- attained age 55 and completed at least 15 years of Continuous Service; or
- completed at least 15 years of Continuous Service and the sum of the Member's age and Continuous Service, in years and completed months, equals 75 or more; and

the Member has satisfied one or more of the following requirements:

- (a) the Member's Continuous Service is broken by reason of a permanent shutdown of a plant, department or subdivision thereof or by reason of a layoff or physical disability;
- (b) the Member's Continuous Service is not broken and the Member is absent from work by reason of:
 - (i) a layoff resulting from his or her election to be placed on layoff status in the event of a permanent shutdown, or

Shutdown

- (ii) a Disability or layoff other than a layoff resulting from an election referred to above and whose return to active employment is declared unlikely by the Employer; or
- (c) the Member considers that it would be in his or her interest to retire and the Employer considers that such retirement would likewise be in its interest and, by applying like rules in a nondiscriminatory manner to like or similar circumstances, approves an application for retirement under mutually satisfactory conditions.

5.04 Special Postponed Retirement Date

Pursuant to Section 5.01 (b), a Member's Special Postponed Retirement Date shall be a date later than the Normal Retirement Date and shall be the earlier of the date a Member ceases to receive benefits pursuant to the Employer-sponsored long term disability plan or one year after the Normal Retirement Date.

5.05 Deferred Termination Date

A Member's Deferred Termination Date shall be the date of a Member's termination of employment with the Employer for any reason other than death, prior to the Normal Retirement Date, Early Retirement Date or Special Early Retirement Date and after completion of at least two years of Continuous Service.

5.06 Eligibility

A Member shall be entitled to receive pension benefits pursuant to only one of Sections 5.02, 5.03, 5.04 or 5.05.

Section 6 — Retirement Benefits

6.01 Normal and Special Postponed Retirement Benefits

(a) **Members Who Do Not Participate in the Defined Contribution Provision**

A Member who does not participate in the Defined Contribution Provision and who retires prior to March 1, 2001 on the Member's Normal Retirement Date or Special Postponed Retirement Date shall be entitled to receive a pension benefit payable in equal monthly instalments commencing on the Normal Retirement Date or Special Postponed Retirement Date, as the case may be, and continuing on the first day of each month thereafter, calculated as the sum of (i), (ii), (iii), (iv) and (v) below. If the Member retires on or after March 1, 2001, (iv) below shall not apply.

- (i) \$32.50 multiplied by the Member's Credited Service not in excess of 15 years
- (ii) \$33.50 multiplied by the Member's Credited Service in excess of 15 years but not in excess of 30 years
- (iii) \$34.50 multiplied by the Member's Credited Service in excess of 30 years
- (iv) \$3.00 multiplied by the Member's Credited Service not in excess of 30 years
- (v) \$50.00.

(b) **Members Who Participate in the Defined Contribution Provision**

A Member who participates in the Defined Contribution Provision and who retires on the Member's Normal Retirement Date or Special Postponed Retirement Date shall be entitled to receive a benefit pursuant to (i) and (ii) below:

(i) ***Benefit in Respect of Defined Benefit Provision***

A benefit payable in equal monthly instalments commencing on the Normal Retirement Date or Special Postponed Retirement Date, as the case may be, and continuing on the first day of each month thereafter, calculated as the sum of (A), (B), (C) and (D) below:

- (A) \$29.50 multiplied by the Member's Credited Service not in excess of 15 years
- (B) \$31.00 multiplied by the Member's Credited Service in excess of 15 years but not in excess of 30 years
- (C) \$33.50 multiplied by the Member's Credited Service in excess of 30 years

(D) \$50.00.

(ii) Benefit in Respect of Defined Contribution Provision

A benefit equal to the amount in the Member's Account which may be transferred out of the Plan pursuant to Section 6.04(c).

6.02 Early Retirement Benefits

(a) Members Who Do Not Participate in the Defined Contribution Provision

A Member who does not participate in the Defined Contribution Provision and who qualifies for a pension benefit commencing on an Early Retirement Date shall be entitled to receive a pension benefit payable in equal monthly instalments commencing on an Early Retirement Date and continuing on the first day of each month thereafter, calculated pursuant to one of the following:

- Unreduced*
- 9, 10, 9*
- (i) If the Member has completed at least 30 years of Continuous Service, a pension benefit equal to the amount calculated pursuant to Section 6.01(a), based on the Member's Credited Service to his or her Early Retirement Date, without reduction on account of early commencement;
 - (ii) If the Member has attained age 55 and completed at least 15 years of Continuous Service, a pension benefit equal to the Actuarial Equivalent of the amount calculated pursuant to Section 6.01(a), based on the Member's Credited Service to his or her Early Retirement Date, provided that the amount of the reduction to the monthly benefit shall not be less than required pursuant to regulation 8503(3)(c) of the *Income Tax Act* as described in Section 9.08(b);
 - (iii) If the Member has attained age 62 and completed at least 10 years of Continuous Service and obtains the written consent of the Employer, a pension benefit equal to the amount calculated pursuant to Section 6.01(a), based on the Member's Credited Service to his or her Early Retirement Date, without reduction on account of early commencement; or
 - (iv) If the Member has attained age 62 and completed at least 10 years of Continuous Service and does not obtain the written consent of the Employer, a pension benefit equal to the Actuarial Equivalent of the amount calculated pursuant to Section 6.01 (a), based on the Member's Credited Service to his or her Early Retirement Date, provided that the amount of reduction to the monthly benefit shall not be less than required pursuant to regulation 8503(3)(c) of the *Income Tax Act* as described in Section 9.08(b).

(b) Members Who Participate in the Defined Contribution Provision

A Member who participates in the Defined Contribution Provision and who qualifies for a pension benefit commencing on an Early Retirement Date shall be entitled to receive a monthly pension benefit pursuant to (i) and (ii) below:

(i) *Benefit in Respect of Defined Benefit Provision*

A benefit payable in equal monthly instalments commencing on an Early Retirement Date and continuing on the first day of each month thereafter, equal to the pension described in (a) above that would be applicable to the Member if the references therein to "Section 6.01(a)" were changed to "Section 6.01(b)(i)".

(ii) *Benefit in Respect of Defined Contribution Provision*

A benefit equal to the amount in the Member's Account which may be transferred out of the Plan pursuant to Section 6.04(c).

6.03 Special Early Retirement Benefits

(a) Members Who Do Not Participate in the Defined Contribution Provision

A Member who does not participate in the Defined Contribution Provision and who qualifies for a pension benefit commencing on a Special Early Retirement Date shall be entitled to receive a pension benefit payable in equal monthly instalments commencing on a Special Early Retirement Date and continuing on the first day of each month thereafter, equal to the pension calculated pursuant to Section 6.01(a), based on the Member's Credited Service to his or her Special Early Retirement Date, without reduction on account of early commencement except as required pursuant to regulation 8503(3)(c) of the *Income Tax Act* as described in Section 9.08(b).

(b) Members Who Participate in the Defined Contribution Provision

A Member who participates in the Defined Contribution Provision and who qualifies for a pension benefit commencing on a Special Early Retirement Date shall be entitled to receive a monthly pension benefit pursuant to (i) and (ii) below:

(i) *Benefit in Respect of Defined Benefit Provision*

A benefit payable in equal monthly instalments commencing on a Special Early Retirement Date and continuing on the first day of each month thereafter, equal to the benefit described in (a) above that would be applicable to the Member if the reference therein in to "Section 6.01(a)" were changed to "Section 6.01(b)(i)".

(ii) *Benefit in Respect of Defined Contribution Provision*

A benefit equal to the amount in the Member's Account which may be transferred out of the Plan pursuant to Section 6.04(c).

6.04 Deferred Vested Retirement Benefits

A Member who terminates employment with the Employer on a Deferred Vested Termination Date shall be entitled to receive an monthly pension benefit pursuant to (a) and (b) below or may transfer such benefit out of the Plan pursuant to (c) below. A Member who terminates employment with the Employer prior to a Deferred Vested Termination Date shall be entitled to the refund, if any, pursuant to (d) below.

(a) Benefit in Respect of Defined Benefit Provision

- (i) A benefit payable in equal monthly instalments commencing on the Member's Normal Retirement Date and continuing on the first day of each month thereafter, equal to the amount of pension calculated pursuant to Section 6.01(a) but excluding subsections (iv) and (v) thereof, or Section 6.01(b)(i), but excluding subsection (D) thereof, whichever is applicable to the Member. The Member may elect to commence his or her pension prior to the Normal Retirement Date, on the first day of any month after attaining age 55, in which case the amount of pension payable from such earlier Pension Commencement Date shall be the Actuarial Equivalent of the amount of pension payable upon the Member's Normal Retirement Date, provided that the amount of reduction to the monthly pension shall not be less than required pursuant to regulation 8503(3)(c) of the *Income Tax Act* as described in Section 9.08(b).
- (ii) Notwithstanding (i) above, the Member may elect to transfer the Commuted Value of the benefit pursuant to (i) above out of the Plan, pursuant to (c) below.

(b) Benefit in Respect of Defined Contribution Provision

A benefit equal to the amount in the Member's Account which may be transferred out of the Plan pursuant to (c) below.

(c) Transfer of Benefits Out of the Plan

The Commuted Value of a Member's accrued pension benefit in respect of the Defined Benefit Provision may be transferred out of the Plan and the amount in a Member's Account in respect of the Defined Contribution Provision may be transferred out of the Plan, to one of the retirement savings vehicles described in (i), (ii) and (iii) below, as elected by the Member on the form prescribed by the Employer and filed with the Employer within such time periods as prescribed by applicable provincial pension laws or at such other times as may be acceptable to the Employer:

- (i) a retirement savings plan, locked-in retirement account or life income fund, as prescribed by the *Pension Benefits Act*;
- (ii) the fund of another registered pension plan, if the other pension plan permits such a transfer; or

(iii) a life insurance company licensed to transact business in Canada for the purpose of purchasing a deferred life annuity.

A transfer pursuant to (i), (ii) or (iii) above shall be made on a locked-in basis and the transferred amount shall be used to provide an annuity which shall not commence payment before the earliest date that the Member would have been entitled to receive a benefit pursuant to the Plan or, if transferred to another pension plan, under that plan.

In the event that a transfer is elected pursuant to this Section 6.04(c), the Member shall have no further rights under the Plan.

(d) Benefit on Termination of Employment Prior to Deferred Vested Termination Date

A Member who terminates employment with the Employer prior to the completion of two years of Continuous Service shall be entitled to a benefit equal to the amount in the Member's Account, which may be transferred out of the Plan pursuant to (c) above.

6.05 Additional Voluntary Contributions

In addition to the benefits pursuant to Sections 6.01, 6.02, 6.03 and 6.04, a Member who participates in the Defined Contribution Provision and who has made additional voluntary contributions pursuant to Section 4.01(c) may be paid such contributions, plus Credited Interest thereon, in a lump sum payment at any time pursuant to the instructions of the Member or, in the alternative, the Member may elect to transfer such contributions plus Credited Interest thereon out of the Plan, pursuant to Section 6.04(c), however, such transfer shall not be on a locked-in basis.

6.06 Temporary Supplementary Benefit

(a) Members Who Do Not Participate in the Defined Contribution Provision

A Member who does not participate in the Defined Contribution Provision and who qualifies for a pension benefit commencing on an Early Retirement Date or a Special Early Retirement Date shall be entitled to receive a temporary supplementary benefit payable in equal monthly instalments commencing on the Member's Early Retirement Date or Special Early Retirement Date, as the case may be, and continuing thereafter on the first day of each month up to the earliest of the month in which the Member attains age 65, qualifies for unreduced statutory pension benefits (other than workers' compensation benefits) or dies, equal to \$24.00 multiplied by the Member's Credited Service to a maximum of 40 years. Such Member who retires prior to March 1, 2001 shall, in addition to the above benefit, be entitled to receive a temporary supplementary benefit equal to \$3.00 multiplied by the Member's Credited Service to maximum of 40 years, payable at the same time and in the same manner as described above. However, if the Member retires on an Early Retirement Date and receives an annual

pension pursuant to Sections 6.02(a)(ii) or 6.02(a)(iv), the amount of the temporary supplementary benefit shall be reduced by the same factors used to reduce the monthly pension payable under said provisions, whichever is applicable to the Member.

(b) Members Who Participate in the Defined Contribution Provision

A Member who participates in the Defined Contribution Provision and who qualifies for a pension benefit commencing on an Early Retirement Date or a Special Early Retirement Date shall be entitled to receive a temporary supplementary benefit payable at the same time and in the same manner pursuant to (a) above, equal to \$22.50 multiplied by the Member's Credited Service to a maximum of 40 years, subject to the reduction factors referred to in (a) above.

6.07 Retirement Benefits for Part-Time Employees

The retirement benefits pursuant to the Defined Benefit Provision calculated pursuant to this section in respect of a Member who is a Part-Time Employee shall be reduced in an equitable manner to an amount related to the Hours of Service of the Member in comparison to the Hours of Service of other Members who are employed as Full-Time Employees in a similar capacity.

6.08 Re-Employment After Retirement, Termination of Employment or other Break In Continuous Service

(a) Re-Employment After Retirement

A Member who has retired and is receiving pension benefit payments pursuant to the Plan shall, upon re-employment with the Employer as an Employee, have such payments suspended. The Member shall retain his or her frozen suspended pension benefit which shall be added to any subsequent pension benefit to which the Member may become entitled in respect of service subsequent to the Member's date of re-employment.

(b) Re-Employment of Vested Member After Termination of Employment But Prior to Retirement

(i) A Member who has terminated employment with the Employer and is entitled to a deferred vested pension pursuant to the Plan and who is re-employed with the Employer as an Employee prior to commencing receipt of pension benefit payments shall retain his or her frozen deferred vested pension benefit, which shall be added to any subsequent pension benefit to which the Member may become entitled in respect of service subsequent to the Member's date of re-employment.

(ii) A Member who received a lump sum payment pursuant to Section 12.02(b) and who is re-employed by the Employer as an Employee prior to commencing receipt of pension benefit payments shall have his or her frozen accrued pension benefit with respect to which the Member received such

lump sum payment used in calculating any subsequent pension benefit to which the Member may become entitled provided that, within two years of such re-employment, the Member repays an amount to the Plan equal to such lump sum payment plus interest. At the time of re-employment, the Member shall be informed by the Employer of his or her right to make such repayment.

- (c) **Re-Employment of Non-Vested Employee after Break in Continuous Service**
- (i) ***Re-Employment Within 12 Months of Break in Continuous Service***
- (A) An Employee who, on or after March 1, 1993, incurs a break in Continuous Service prior to becoming eligible for an immediate or deferred vested pension and who is re-employed by the Employer as an Employee within 12 months immediately following the break in Continuous Service shall, upon completion of one year of Continuous Service following the re-employment, have the break in Continuous Service removed provided that the period of Continuous Service prior to the break is greater than the period between the break and the date of re-employment.
- (B) The period of the break in Continuous Service removed pursuant to (A) above shall not be counted as Continuous Service, nor credited for the purposes of determining accrued benefits nor considered as Credited Service pursuant to Section 6.
- (ii) ***Re Employment After 12 Months of Break in Continuous Service***
- (A) An Employee who, on or after March 1, 1993, incurs a break in Continuous Service prior to becoming eligible for an immediate or vested pension and who is re-employed by the Employer as an Employee after 12 months immediately following the break in Continuous Service shall, upon completion of one year of Continuous Service following the re-employment, have the break in Continuous Service removed provided that the period of Continuous Service prior to the break is greater than the period between the break and the date of re-employment.
- (B) The period of the break in Continuous Service removed pursuant to (A) above shall not be counted as Continuous Service, nor credited for the purposes of determining accrued benefits nor considered as Credited Service pursuant to Section 6, however, the period immediately following the date of re-employment shall be counted toward the date the employee would become entitled to receive a deferred vested pension pursuant to the Plan, which deferred vested benefit shall be added to the pension benefit to which the Member may become entitled immediately following the date the Member became entitled to receive the deferred vested benefit.

Section 7 — Forms of Pension Payment On Retirement

7.01 Normal Form of Payment

The normal form of payment of the pension benefit pursuant to the Defined Benefit Provision shall be a lifetime pension payable in equal monthly instalments, ceasing with the payment due for the month in which the Member dies.

7.02 Surviving Spouse Benefit

Notwithstanding Section 7.01, if a Member retires on his or her Early Retirement Date or Special Early Retirement Date at or after age 45, on or after March 1, 1990 and has a Spouse as of the Pension Commencement Date, and subsequently dies prior to reaching his or her Normal Retirement Date, the Member's surviving Spouse shall be entitled to receive a pension benefit payable in equal monthly instalments commencing on the first day of the month following the date of the Member's death and continuing on the first day of each month thereafter until the first day of the month in which the Spouse dies, equal to 50% of the amount of the pension benefit accrued by the Member pursuant to Section 6.01(a), but excluding subsections (iv) and (v) thereof, or Section 6.01(b)(i), but excluding subsection (D) thereof, whichever would have been applicable to the Member, or \$140 per month if greater.

7.03 Automatic Form of Payment for a Member With a Spouse

The automatic form of payment of the pension benefit pursuant to the Defined Benefit Provision for a Member with a Spouse as of the Pension Commencement Date shall be a reduced pension payable in equal monthly instalments for the lifetime of the Member, with 60% of the benefit continued after the Member's death to the Spouse for the remaining lifetime of the Spouse, provided that the Spouse survives the Member. Such reduced pension benefit shall be the Actuarial Equivalent of the normal form of payment pursuant to Section 7.01, and shall take into account the Surviving Spouse Benefit payable pursuant to Section 7.02.

7.04 Optional Forms of Payment

In lieu of the form of payment pursuant to Section 7.01 or Section 7.03, a Member with a Spouse as of the Pension Commencement Date may elect to receive a reduced pension payable in equal monthly instalments for the lifetime of the Member, with either 50% or 100% of the reduced pension continued after the Member's death for the remaining lifetime of the Member's Spouse, provided that the Spouse survives the Member. Such reduced pension shall be the Actuarial Equivalent of the normal form of pension pursuant to Section 7.01 and shall take into account the Surviving Spouse Benefit payable pursuant to Section 7.02.

7.05 Election

In order to elect the normal form of payment pursuant to Section 7.01 or an optional form of payment pursuant to Section 7.04, a Member and the Member's Spouse, as applicable, shall sign and file the prescribed waiver form with the Employer within the 90-day period prior to the Member's Pension Commencement Date.

7.06 Defined Contribution Provision

The form of payment of the pension benefit pursuant to the Defined Contribution Provision shall be the form of payment applicable to the retirement savings vehicle to which the benefit is transferred pursuant to Section 6.04(c), subject to the *Income Tax Act* and the *Pension Benefits Act*.

Section 8 — Pre-Retirement Death Benefits

8.01 Refund of Amount from Defined Contribution Provision

If a Member dies while employed with the Employer or after termination of employment with the Employer but prior to payment of benefits pursuant to Section 6.04(b), the Member's surviving Spouse shall be entitled to receive a benefit equal to the amount in the Member's Account in a single lump sum cash payment. If the Member is not survived by a Spouse, said amount shall be paid to the Member's Beneficiary or, if none, to the Member's estate.

8.02 Surviving Spouse Benefit

If a Member dies either

- (a) while employed with the Employer and after completion of at least 15 years of Continuous Service; or
- (b) after termination of employment with the Employer on or after March 1, 1990, at or after age 45, after becoming eligible for retirement and an immediate pension pursuant to the Plan but prior to application therefor,

the Member's surviving Spouse shall be entitled to receive a pension benefit payable in equal monthly instalments commencing on the first day of the month following the date of the Member's death and continuing on the first day of each month thereafter until the first day of the month in which the Spouse dies, equal to 50% of the amount of the pension benefit accrued by the Member pursuant to Section 6.01(a), but excluding subsections (iv) and (v) thereof, or Section 6.01(b)(i), but excluding subsection (D) thereof, whichever would have been applicable to the Member, or \$140 per month if greater.

8.03 Optional Pre-Pension Spouse Coverage

A Member who is an Employee and who has a Spouse and who has attained age 55 and completed at least 15 years of Continuous Service may elect Pre-Pension Spouse Coverage, the benefits pursuant to which shall be in addition to any other benefits pursuant to the Plan in the event of the Member's death prior to his or her Pension Commencement Date.

(a) Election

At least two years and 90 days prior to becoming eligible to elect Pre-Pension Spouse Coverage, the Pension Committee shall advise each eligible Member of the opportunity to elect such coverage. The Member may elect to obtain such coverage by filing the prescribed form with the Pension Committee, either at the time the Member is first notified by the Pension Committee or at any time thereafter prior to the Member's Pension Commencement Date. A Member who has attained age 65 and completed at least 10 years of Continuous Service shall be deemed to have elected Pre-Pension Spouse Coverage, unless the Member waives such coverage in writing, and shall be so notified by the Pension Committee at least 90 days prior to satisfying the age and service requirements.

(b) Effective Date

The effective date of Pre-Pension Spouse Coverage for a Member shall be the later of the date the Member satisfies the required age and service criteria and the date that is two years following the date the Member elects the coverage except that, for a Member who is deemed to have elected Pre-Pension Spouse Coverage, the effective date of such coverage shall be the date upon which such Member shall be so deemed to have elected the coverage. If a Member dies as a result of an accident after having satisfied the required age and service criteria and having elected or being deemed to have elected Pre-Pension Spouse Coverage but prior to the date such coverage becomes effective, such coverage shall be deemed to have become effective as of the date such Member elected the coverage or was deemed to have elected the coverage.

(c) Termination

- (i) A Member may terminate Pre-Pension Spouse Coverage at any time by filing the prescribed form with the Pension Committee and the effective date of such termination shall be the date such form is filed with the Pension Committee. The consent of the Member's Spouse to terminate the coverage shall not be required.
- (ii) A Member's Pre-Pension Spouse Coverage shall terminate on the earliest of the date the Member ceases to have a Spouse, the Member's Pension Commencement Date or the date the Member incurs a break in Continuous Service. The Pre-Pension Spouse Coverage of a Member who incurs a break in Continuous Service shall be restored upon the Member's re-employment as an Employee, however, such Member may elect to revoke such coverage effective as of the date of re-employment, within 30 days after such re-employment.

(d) Amount of Pension Payable to Surviving Spouse in the Event of Member's Death While Pre-Pension Spouse Coverage is in Effect

The Pre-Pension Spouse Coverage shall be a pension benefit payable in equal monthly instalments commencing on the first day of the month following the date of the Member's death and continuing on the first day of each month thereafter until the first day of the month in which the Spouse dies, in an amount equal to 50% of the amount of pension accrued by the Member pursuant to

for a total of 100%?

Section 6.01(a), but excluding subsections (iv) and (v) thereof, or Section 6.01(b)(i), but excluding subsection (D) thereof, whichever would have been applicable to the Member, as though the Member had attained his or her Normal Retirement Date on the date of death, multiplied by such actuarial factors as adopted from time to time by the Pension Committee based on the ages of the Member and the Member's Spouse as of the date of the Member's death. However, the amount determined pursuant to Section 6.01 shall be reduced by 0.75% multiplied by the number of years (and fractions thereof calculated to the nearest month) that the Pre-Pension Spouse Coverage was in effect for the Member.

(e) Adjustment to Amount of Pension Payable to Member On Retirement, if Pre-Pension Spouse Coverage is Elected

If a Member elects or is deemed to have elected Pre-Pension Spouse Coverage, the amount of the pension benefit payable to the Member upon his or her subsequent retirement pursuant to Section 6.01(a), but excluding subsections (iv) and (v) thereof, or Section 6.01(b)(i), but excluding subsection (D) thereof, whichever would have been applicable to the Member, shall be reduced by 0.75% multiplied by the number of years (and fractions thereof calculated to the nearest month) that the Pre-Pension Spouse Coverage was in effect for the Member.

(f) Evidence

The Member shall provide the Pension Committee with satisfactory proof of spousal status and proof of age of the Member and the Spouse prior to any payment of Pre-Pension Spouse Coverage. In order for Pre-Pension Spouse Coverage to terminate pursuant to Section 8.03(c)(ii), the Member shall provide the Pension Committee with satisfactory proof of loss of spousal status by death, divorce or separation.

(g) Communication

The Pension Committee shall make reasonable efforts to inform eligible Members and their respective Spouses of the availability of the Pre-Pension Spouse Coverage.

8.04 Statutory Minimum Benefits

In no event shall the Commuted Value of the pension benefit payable upon the death of a Member who has completed at least two years of Continuous Service be less than the Commuted Value of the pension benefit accrued by the Member pursuant to Section 6.01 in respect of Credited Service on and after January 1, 1990.

Section 9 — Payment of Benefits

9.01 Application for Benefits

A pension or other benefit under the Plan shall be granted by the Employer and payment shall be made only upon application therefor in the manner prescribed by the Employer, and upon submission of such relevant information and supporting documentation as the Employer in its discretion may reasonably request.

9.02 Proof of Age and Marital Status

A Member shall be required to inform the Employer of his or her age and marital status and the age of the Member's Spouse (if any) and to file such proof thereof as required by the Employer. Pension benefits shall not commence to be paid until such proof of age and marital status has been received and admitted by the Employer. In the event that payment of pension benefits is delayed pending receipt and admittance of satisfactory proof of age and marital status, retroactive payments shall be made once satisfactory proof has been received.

9.03 Misstatement in Application for Pension Benefit

If a Member either knowingly or unknowingly has submitted any information to the Employer relevant to the amount of benefits he or she is to receive from the Plan which is incorrect, the amount of benefits payable from the Plan may be adjusted either, in the case of underpayment, by making additional payments from the Plan or, in the case of overpayment, by requiring repayment from the Member, whichever is appropriate in the circumstances.

9.04 Method of Payment

All retirement income and other benefits payable under the Plan shall be paid by cheque mailed by ordinary prepaid mail to the last known address of the Member, Spouse or Beneficiary as the case may be, or may be deposited directly into an account as directed by the Member, Spouse or Beneficiary. Posting or deposit of the cheque shall be an effective discharge of the Plan for the amount thereof.

9.05 Evidence of Survival

The Employer shall have the right to require satisfactory evidence that a retired Member or other Beneficiary under the Plan is living on each and every date a pension benefit is due the retired Member or other Beneficiary. In the absence of such evidence when required by the Employer, the benefits otherwise due shall not be paid until the evidence has been received.

9.06 Payments to Minors or Incompetents

If the Employer receives evidence satisfactory to it that a person entitled to receive any payment under the Plan is physically or mentally incompetent to receive such payment and to give valid receipt therefore, or is a minor, and another person or an institution is then maintaining or has custody of the person and no guardian, committee or other representative of the person has been duly and legally appointed, the Employer may authorize payment of the benefit to be made to such other person or institution and the release of the other person or institution shall be a valid and complete discharge of the liabilities of the Plan therefore.

9.07 Beneficiary Designation

A Member may, by written notice communicated to the Employer during the Member's lifetime, designate a Beneficiary to receive any benefits payable pursuant to the Plan in the event of the Member's death. The Member may revise or revoke any such designation from time to time, subject to the provisions of any annuity, insurance or other contract or law governing designation of beneficiaries which may apply to the Member. The written notice shall be in such form and executed in such manner as the Employer in its discretion may specify from time to time. In the event a Member has not validly and effectively designated a Beneficiary or, if having done so, the Beneficiary is not living on the date of the Member's death or if the Member revoked the last designation so made, any amount payable pursuant to the Plan shall be paid in a lump sum amount to the Member's estate.

9.08 Maximum Limits Under the *Income Tax Act*

The *Income Tax Act* imposes conditions in order for a pension plan to maintain registered status under the *Income Tax Act*. Certain restrictions must be specifically stated in the Plan, even though the regular provisions of the Plan may be more restrictive. In administering the Plan, contributions and benefits are first determined pursuant to the regular provisions of the Plan, then tested against the provisions of this Section 9.08 and modified if necessary.

(a) Maximum Pension

Notwithstanding any other provision of the Plan, and subject to section (b) below, the annual pension payable to a Member under the Defined Benefit Provision on the date of the Member's retirement, termination of employment, or upon termination of the Plan, including any benefits paid to a Spouse pursuant to Section 12.05, shall not exceed the lesser of:

- (i) 2% of the Member's "highest average compensation" multiplied by the Member's years of "pensionable service" with the Employer; and
- (ii) the "defined benefit limit" for such year (currently \$1,722.22) multiplied by the Member's years of "pensionable service" with the Employer.

Pensionable service for a Member shall not exceed 35 years during a Member's period of service prior to 1992.

For the purposes of this subsection, the terms "highest average compensation", "defined benefit limit" and "pensionable service" shall have the meanings as defined in the *Income Tax Act*.

(b) Maximum Early Retirement Pension

The annual early retirement pension payable to a Member, as calculated pursuant to Section 6.02 or 6.03 commencing prior to the Member's attainment of age 60, shall not exceed the lesser of the amount payable under Section 6.01 and the maximum amount determined pursuant to section (a) above, except that such maximum amount shall be reduced by 1/4 of 1% for each month by which the Member's Pension Commencement Date precedes the earliest of the first day of the month following:

- (i) the Member's attainment of age 60;
- (ii) the date the Member would have attained 30 years of service had he or she continued in employment with the Employer; or
- (iii) the date the Member would have attained a combined total of 80 years (and fractions of a year) of age and service had he or she continued in employment with the Employer.

(c) Combined Maximum Pension and Temporary Supplemental Benefit

In addition to the maximum pension limit described in paragraph (a) above, and notwithstanding any other provision of the Plan to the contrary, the total annual benefit payable to a Member under the Plan prior to the Member's attainment of age 65, at the time of the Member's termination of employment, retirement, or termination of the Plan, as the case may be, shall not exceed the sum of:

- (i) the defined benefit limit for such year of termination multiplied by the Member's years of "pensionable service", as defined in the *Income Tax Act*; and
- (ii) 25% of the average of the YMPE for such year of termination and the two preceding calendar years, multiplied by a fraction, the numerator of which is the Member's years of pensionable service as defined in the *Income Tax Act* to a maximum of 35 and the denominator of which is 35.

(d) Maximum Pension Adjustment

In no event shall a Member's "pension adjustment" in respect of the Employer, or any company not dealing at arm's length with the Employer, for a calendar year exceed the lesser of:

- (i) the "money purchase limit" for the calendar year; and
- (ii) 18% of the Member's "compensation" for the calendar year.

For purposes of this subsection, the terms "money purchase limit", "compensation" and "pension adjustment" shall have the same meanings as defined in the *Income Tax Act*.

Section 10 — Pension Fund

10.01 General

- (a) The Employer shall establish and maintain a Pension Fund for the purpose of receiving and investing the contributions and providing the benefits pursuant to the Defined Benefit Provision and the Defined Contribution Provision of the Plan.
- (b) The Pension Fund shall be administered and invested pursuant to the terms of the Funding Agreement, and in compliance with the provisions of the *Pension Benefits Act*, the *Income Tax Act* and other applicable laws.
- (c) The Employer shall have the sole right to appoint the Funding Agency and to determine the form and terms of the Funding Agreement.

10.02 Provision of Benefits

- (a) No part of the Pension Fund shall be used for or diverted to purposes other than for the exclusive benefit of Employees, pensioners, contingent annuitants and surviving spouses prior to satisfaction of all liabilities to such persons pursuant to the Plan and the Funding Agreement. No Employee, prior to retirement under conditions of eligibility for a pension under the Plan, shall have any right or interest in or to any portion of any funds which may be paid into the Pension Fund and an Employee, contingent annuitant or surviving Spouse shall not have any right to any such pension except to the extent provided in the Plan.
- (b) All benefits pursuant to the Plan shall be paid from the Pension Fund, however, the Employer reserves the right to insure or reinsure any part of the benefits with an insurance company licensed to transact such business.
- (c) All payments pursuant to the Plan shall be made in Canadian currency.

10.03 Investment—Defined Benefit Provision

The Employer shall direct the Funding Agency to invest the Pension Fund relating to the Defined Benefit Provision in such manner as the Employer deems appropriate from time to time, subject to the *Pension Benefits Act* and the *Income Tax Act*.

10.04 Investment—Defined Contribution Provision

(a) Investment Option Form

- (i) Subject to the *Pension Benefits Act* and the *Income Tax Act*, a Member shall submit to the Funding Agency an investment option form directing the investment of the amount in the Member's Account in such investment options as may be offered by the Employer and the Funding Agency pursuant to the Funding Agreement.
- (ii) The amount in the Member's Account shall be invested in the investment options in such proportion as directed by the Member based on whole number increments from 1% to 100%.
- (iii) If a Member fails to submit an investment option form, the amount in a Member's Account shall be invested in an interest-bearing investment made available by the Funding Agency from time to time.

(b) Changes to Member Investment Options

A Member may change all or part of the Member's investment options at any time, subject to any conditions as may be required by the Funding Agency. The Member may direct the Funding Agency to transfer assets from one investment option to another and the Member's Account shall be debited or credited, as the case may be, by the value of the investment bought or sold as of the day the Funding Agency completes the change to a Member's investment options.

10.05 Expenses

Subject to the *Pension Benefits Act*, all reasonable charges, fees, taxes and other expenses incurred in the operation of the Plan and Pension Fund including, but not limited to, investment management fees, registration fees, auditor fees, trustee fees, legal fees, and actuarial fees shall be paid from the Pension Fund, unless paid directly by the Employer or the Funding Agency.

Section 11 — Administration of the Plan

11.01 Administration of the Plan

- (a) The Plan, including the Defined Benefit Provision and the Defined Contribution Provision, shall be administered by the Pension Committee.
- (b) The Pension Committee shall consist of three or more persons resident in Canada, appointed by Cliffs Mining Company, to serve for such times until their respective successors have been appointed in like manner.

11.02 Officers of Pension Committee

The members of the Pension Committee shall elect a member to act as chairman and shall appoint a secretary who may, but need not be, a member of the Pension Committee.

11.03 Powers of Pension Committee

Subject to the *Pension Benefits Act*, the Pension Committee shall have all such powers and duties as Cliffs Mining Company may at any time grant, impose or delegate including, but not limited to, the following:

- (a) to award the payment of pension benefits pursuant to the Plan;
- (b) to make and enforce such rules and regulations as the Pension Committee deems necessary or appropriate for the efficient administration of the Plan;
- (c) to interpret or apply the Plan or any provision thereof; and
- (d) to do, or cause to be done, all such acts or things necessary or proper to carry out the rights and privileges granted to or the duties imposed upon it under any provision of the Plan or the Funding Agreement.

Except as otherwise provided in the Plan or the Funding Agreement, any act, interpretation or determination made by the Pension Committee shall be final and binding upon all affected persons.

11.04 Agents of Pension Committee

The Pension Committee may appoint or employ such administrative, medical, actuarial and legal agents as the Pension Committee deems necessary or appropriate. The fees and expenses of such agents shall be paid from the Pension Fund, unless paid directly by the Employer.

11.05 Actions of Pension Committee

Any action of the Pension Committee may be taken by the written approval or the affirmative votes of a majority of the members of the Pension Committee. The Pension Committee may delegate to any of its members, officers, or agents such

duties and powers, both ministerial and discretionary, as it deems appropriate, excepting only that any dispute shall be settled by the Pension Committee. The Pension Committee may authorize any one or more of its members to sign on its behalf any instructions, certificates, directions or notices of the Pension Committee to the Funding Agent or others, and the Funding Agent or any other person to whom any such writing is directed shall be fully protected in acting thereon.

11.06 Decisions of Pension Committee

The Pension Committee shall make all determinations as to the right of any person to a benefit pursuant to the Plan. Any denial by the Pension Committee of the claim for benefits pursuant to the Plan by a person shall be stated in writing by the Pension Committee and delivered or mailed to such person and shall set forth the specific reasons for the denial, in a manner that may be understood without the necessity for assistance by legal counsel or an actuary. In addition, the Pension Committee shall afford a reasonable opportunity to such person whose claim for benefits has been denied, for a reconsideration of the decision denying the claim.

11.07 Conflict With Pension Agreement

Any exercise of the powers of the Pension Committee specified in this Section which conflict with any provisions of the Plan or the Pension Agreement shall be subject to sections 3.1 through 3.10 of the Pension Agreement.

11.08 Actuarial Reports

The Employer shall provide, on a confidential basis, the most recent actuarial report of the Actuary to the actuary designated in writing by the Union.

11.09 Communication With Pension Committee

Any designations, elections or waivers pursuant to the Plan shall be in writing to the Pension Committee and, if valid, shall be considered in force as of the date received by the Pension Committee.

11.10 Allocation of Responsibilities Among the Employer, the Pension Committee and the Funding Agent

(a) The Employer, the Pension Committee and the Funding Agency shall have only those specific powers, duties, responsibilities and obligations as are specifically provided in the Plan and the Funding Agreement. The Employer shall have the sole authority to appoint and remove the Funding Agency and any investment manager which may be provided for pursuant to the Plan or the Funding Agreement. The Funding Agency shall have the sole responsibility for the administration of the Pension Fund and the management of the assets in the Pension Fund, pursuant to the Funding Agreement. The Employer, the Pension Committee and the Funding Agency may rely upon any direction, information or action of each other as being proper pursuant to the Plan and the Funding Agreement and is not required pursuant to inquire into the propriety of any such direction, information or action. It is intended that the Employer, the Pension Committee and the Funding Agency shall be responsible for the proper exercise

of their respective own powers, duties, responsibilities and obligations pursuant to the Plan and the Funding Agreement and shall not be responsible for any act or failure to act of each other.

- (b) The rights of any person entitled to receive any payment or benefit pursuant to the Plan shall be limited to the assets of the Pension Fund as such assets exist from time to time. Neither the Plan nor the Funding Agreement shall create any privity between the Employer and any Employee or other person entitled to receive any payment or benefit pursuant to the Plan, and no right or claim of any such person shall be asserted or made against the Employer by reason of the Plan or the Funding Agreement. No right or claim shall be asserted or made by any person against the Funding Agency or the Pension Fund except in respect of a benefit provided pursuant to the Plan or the Funding Agreement and which has become due and payable pursuant to the Plan or the Funding Agreement.
- (c) The obligations of the Employer pursuant to the Plan shall be limited to the payments required to be made by the Employer in any calendar year pursuant to the Plan.

11.11 Records of the Employer

Wherever the records of the Employer or the Pension Committee are used for the purposes of the Plan, such records shall be conclusive of the facts with which they are concerned.

11.12 Communication

(a) Notice of Plan Provisions and Amendments

The Employer shall provide to each Member and each Employee eligible for membership in the Plan a written explanation of:

- (i) the provisions of the Plan and any amendments thereto applicable to the Member or Employee;
- (ii) the rights and duties of the Member or Employee with respect to the benefits available pursuant to the Plan;
- (iii) such other information as may be required under the *Pension Benefits Act* or other applicable provincial or federal laws; and
- (iv) amendments to the Plan, within the time period prescribed by the *Pension Benefits Act*.

(b) Statement of Benefits

A Member who terminates employment with the Employer and who is entitled to a benefit from the Plan shall be provided with a written statement setting out the benefit to which he or she is entitled or may become entitled pursuant to the Plan.

(c) Annual Statement of Benefits

Each year the Employer shall provide each Member who is actively participating in the Plan with a written statement of the Member's benefits pursuant to the Plan and such other information as may be required by the *Pension Benefits Act*.

(d) Inspection of Documents

A Member or a Member's agent so authorized in writing may inspect and make photocopies of the following documents, which shall be available, upon written request in advance, at the head office of the Employer during regular business hours:

- (i) the provisions of the Plan applicable to the Member;
- (ii) the amendments to the Plan applicable to the Member;
- (iii) the annual information return;
- (iv) an abstract of the actuarial valuation report indicating the official name of the Plan, the employer actuarial normal cost under the Plan for future service, the balance of all unfunded liabilities, the annual special contributions required to liquidate such liabilities and the amortization periods, and the Surplus Assets in the Plan, if any;
- (v) the Plan's financial statements; and
- (vi) such other documents as prescribed by the *Pension Benefits Act*.

Section 12 — General Provisions

12.01 Employment Rights

The establishment and implementation of the Plan shall not constitute an enlargement of any rights which a Member may have as an Employee apart from the Plan. Membership in the Plan does not confer a right on a Member to require the Employer to continue the Member in its employment, and if the service of the Member is terminated before the Member's Normal Retirement Date, such Member has only such rights as are provided for under the Plan. The benefits pursuant to the Plan shall not be used to increase damages in respect of the termination of employment of a Member.

12.02 Non-Assignability and Non-Commutability of Benefits

(a) Any benefit payable pursuant to the Plan shall be for the personal use of the person entitled to receive such benefit, and shall not be given as security or be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, or to attachment or legal process for debts of the person receiving such benefits, except as specifically provided by paragraph 8502(f) of the regulations to the *Income Tax Act*, by statute and as provided in Section 12.05 below. In no event shall such benefits confer upon any Member, or any other person, any rights or interest therein which is capable of being surrendered or commuted except as specifically provided by the Plan.

(b) Notwithstanding (a) above, if the monthly pension pursuant to the Plan is less than \$10.00, a lump sum payment of the Actuarial Equivalent value may, at the discretion of the Pension Committee, be paid in full discharge of all liability in respect of such benefit provided that such Actuarial Equivalent value does not exceed \$1,750.00.

12.03 No Duplication of Benefits

There shall be no duplication of the benefits under any one section of the Plan and the benefits under any other section of the Plan, nor of the benefits under the Plan and the benefits under any other Employer-sponsored retirement plan or any other retirement plan sponsored by an affiliate or subsidiary of the Employer with respect to the same period of service.

12.04 Notices and Elections

Any notice or election to be given, made or communicated pursuant to or for any purpose of the Plan shall be given, made or communicated, as the case may be, in such manner as the Employer shall determine from time to time. Without limiting the generality of the foregoing, any person entitled to any benefit under the Plan shall be responsible for notifying the Employer in writing of his or her mailing address and subsequent changes of mailing address.

12.05 Division of Pension Benefits on Marriage Breakdown

In the event the Pension Committee is provided with a certified copy of a court order relating to the entitlement to or payment of a Member's pension benefits upon the marriage breakdown of the Member and the Member's Spouse, or a domestic agreement between the Member and the Member's Spouse which has been certified by a court order relating to the entitlement to or payment of the Member's pension benefits upon the marriage breakdown of the Member and the Member's Spouse, such benefits may be paid or divided pursuant to the terms of such court order or domestic agreement, as the case may be, subject to the *Pension Benefits Act*.

12.06 Applicable Law

The Plan shall be interpreted pursuant to the laws applicable in the province of Newfoundland.

Section 13 — Future of the Plan

13.01 Continuation of the Plan

The Employer and the Union intend to maintain the Plan in force indefinitely however, the Employer reserves the right to terminate the Plan, either in whole or in part, at any time or times in the event that future conditions warrant such action, subject to the *Pension Benefits Act* and the *Income Tax Act*.

13.02 Amendment of the Plan

The Employer reserves the right to amend the Plan from time to time. No amendment to the Plan or other instrument established or entered into for purposes of holding and administering funds contributed hereunder, shall operate to reduce the benefits accrued by members or by their Spouses, Beneficiaries or estates up to the date of the amendment nor shall any amendment be made which would cause or permit any portion of the Pension Fund to be used for purposes other than as prescribed by the provisions of the Plan and the requirements of the *Pension Benefits Act* and the *Income Tax Act*.

13.03 Termination of the Plan

In the event the Plan is terminated, the assets of the Pension Fund, after provision for administrative expenses (including any expenses incurred in the termination of the Plan), shall first be used to provide pension benefits for Members, their respective Spouses, Beneficiaries and estates in an equitable manner to be determined by the Employer and the Union, with the recommendation of the Actuary, subject to the *Pension Benefits Act* and the *Income Tax Act*. The rights of all Members and their Spouses, Beneficiaries and estates to benefits accrued to the date of such termination, to extent then funded, are non-forfeitable.

13.04 Wind-Up or Bankruptcy of the Employer

In the event the Employer is wound up or becomes bankrupt, the Plan, unless continued by another employer, shall be deemed terminated and the provisions of Section 13.03 shall apply, except to the extent that any termination or action required to be made thereunder by the Employer, shall in such event, be made by the liquidator or trustee in bankruptcy, as the case may be.

13.05 Asset Transfer or Merger

(a) The Employer may transfer or merge the assets of the Plan or the Pension Fund or any part thereof, and the Members related to such assets, to or with one or more trusts, pension fund societies or corporations, pension or superannuation plans or funds and which may result in one merged or amalgamated entity with or without termination of the entities merged. Subject to the *Pension Benefits Act* and without limiting the generality of the foregoing, the terms of the transfer or merger may provide for the termination or continuation of all or any part of the

entities to be merged, the consolidation of the assets and liabilities of the merged entities, with or without any requirement to maintain a separate accounting in respect thereof, and the application of the assets of the fund or any part thereof to the liabilities related to any new participants or the merged entity, provided that any account maintained in respect of a Member shall continue to be maintained in respect of the Member until such time as the Member terminates employment with no vested benefit remaining to be paid.

- (b) In the event of a merger or consolidation of the Plan with, or transfer in whole or in part of the assets and liabilities of the Pension Fund to, another fund relating to any other plan of deferred compensation maintained or to be established for the benefit of all or some of the Members, the assets of the Pension Fund relating to any transferred Members shall be transferred to the other fund provided that:
- (i) each Member would be entitled to (if either the Plan or the other plan is then terminated) receive a pension benefit immediately after the merger, consolidation or transfer equal to or greater than the pension benefit he or she would have been entitled to receive pursuant to the Plan immediately prior to the merger, consolidation or transfer;
 - (ii) the Employer, or any new or successor employer of the affected Members authorizes such transfer of assets; and
 - (iii) such other plan and trust agreement are registered with the applicable regulatory authorities.

13.06 Surplus Assets

If, after all accrued benefits pursuant to the Plan to Members and their respective Spouses, Beneficiaries or estates, as the case may be, have been paid and all expenses pursuant to the Plan have been paid, Surplus Assets remain in the Pension Fund, the Employer shall have legal title to such Surplus Assets, subject to the *Pension Benefits Act*, the *Income Tax Act* and other applicable laws.

Section 14 — Special Provisions for Quebec Employees

14.01 Application

This section applies to Employees who report for work in the Province of Quebec and is included in the Plan in order for the Plan to comply with the *Supplemental Pension Plans Act (Quebec)* (the "SPPA") and shall supplement all other provisions of the Plan which are not inconsistent and shall replace any other provisions which are inconsistent.

14.02 Early Retirement

A Quebec Member may elect to retire on the first day of the month following his or her 55th birthday, or on the first day of any succeeding month prior to his Normal Retirement Date, provided the Member has completed at least two years of Continuous Service, the date of such retirement being hereunder described as his or her "Early Retirement Date". Such Member shall be entitled, upon such early retirement, to receive a pension determined pursuant to Section 14.03.

14.03 Early Retirement Pension

A Quebec Member who retires pursuant to Section 14.02 may elect to receive a monthly pension commencing on his or her Early Retirement Date or at the election of the Quebec Member on the first day of any subsequent month (but not later than his or her Normal Retirement Date), in an amount equal to the Actuarial Equivalent of the pension calculated as in Section 6.01 based on his or her Credited Service to his or her Early Retirement Date.

14.04 Postponed Retirement

A Quebec Member may postpone his or her retirement beyond his or her Normal Retirement Date.

14.05 Actuarial Adjustment

Upon a Quebec Member's postponed retirement date, which shall be the first day of the month coincident with or next following the date on which the Member retires, the Quebec Member shall be eligible to receive a retirement pension equal to the Actuarial Equivalent of the pension determined pursuant to Section 6.01 based on Credited Service in effect on the Normal Retirement Date. Such Actuarial Equivalent shall be determined as of the date the pension commences and shall be determined on the basis of the method described in Appendix "A" to the Plan entitled "Revalorization of Postponed Retirement Pension".

14.06 Maximum Deferral of Pension

If a Quebec Member who has elected to postpone retirement after Normal Retirement Date has not effectively retired before his or her 69th birthday, the Member's postponed retirement pension shall commence on December 1st of the calendar year the Quebec Member attains age 69.

14.07 Effect of Maximum Benefit Rule

If a Quebec Member who has elected to postpone retirement after Normal Retirement Date shall become entitled to a postponed retirement pension which, after the revalorization described in Section 14.05 above, becomes equal to the maximum pension described in Section 9.08, the Member's postponed retirement pension shall then commence on the first day of the next calendar month.

14.08 Partial Payment of Pension

If the wages, as defined in the SPPA, of a Quebec Member who has elected to postpone retirement after Normal Retirement Date are reduced, the Member may elect to receive a partial payment of his or her retirement pension. Such election may be made at the time the Member's wages are reduced and each January 1st thereafter. The amount of the partial payment shall be equal to, if the amount of the retirement pension so permits, the amount of reduction in such wages. The remaining balance, if any, of his retirement pension shall be payable on the Member's effective retirement and shall be calculated according to Section 14.05 above.

14.09 Early Commencement of Deferred Vested Pension

A Quebec Member who is entitled to a deferred vested pension pursuant to Section 6.04 may, upon proper application therefore, elect to have the deferred vested pension commence prior to his or her Normal Retirement Date, on the first day of any month subsequent to the Member's 55th birthday, in which event the amount of such pension shall be the Actuarial Equivalent of the deferred pension otherwise payable from such Member's Normal Retirement Date.

14.10 Portability of Benefits

A Quebec Member whose employment with the Employer terminates before attaining age 55 and who is entitled to a deferred vested pension pursuant to the provisions of Section 6.04 may, within 180 days following the date of termination, and subsequently every five years, within 180 days from the date of expiry of each fifth year, elect to transfer an amount equal to the value of the deferred pension to a pension plan governed by the SPPA or to a locked in retirement account or annuity contract as prescribed by the SPPA. Any such transfer shall, however, be subject to such conditions and restrictions as may be prescribed by the SPPA, depending upon the solvency status of the Plan from time to time.

In the event that a portability election is completed pursuant to this Section 14.10, the Member shall have no further rights under the Plan.

14.11 Death in Service After Normal Retirement Date

If a Quebec Member dies subsequent to the Normal Retirement Date while in active employment leaving a surviving Spouse, the Member's Spouse shall be entitled to receive a pension the value of which shall be equal to the greater of:

- (a) the value of the death benefit under Section 8, or
- (b) the value of the pension the Spouse would have been entitled to receive under Section 7 if payment of the postponed pension had begun on the day preceding the death of the Quebec Member.

14.12 Commutation of Pension

If the value of a retirement pension or deferred vested pension payable under the Plan is less than 4% of the YMPE in the year that the Quebec Member retires, terminates employment or dies, or such other amount as may be permitted by the SPPA, from time to time, a lump sum amount equal to the value of the benefit shall be paid to the person entitled to such benefit in lieu of any other benefits under this Plan.

Appendix A

Revalorization of Postponed Retirement Pension

The retirement pension of a Quebec Member who has elected to postpone retirement after his or her Normal Retirement Date is revalorized as follows:

1. A notional account is set up for the Quebec Member.
2. There shall be credited to that account the monthly retirement pension that the Quebec Member would have received (up to but not including the date the Member actually begins to receive the retirement pension) if the Member had retired on his or her Normal Retirement Date. *→ Not including any optional form of payment the member elect*
3. There shall be credited to such account the interest earned on such monthly retirement pension from each due date thereof assuming a rate of interest for each calendar month corresponding to the average yield on "5-year personal fixed term deposits" (CANSIM series B14045) as published by the Bank of Canada Review.
4. When the postponement of the retirement pension ceases, a monthly postponed retirement pension shall be calculated based on the accumulated balance then existing in such account.
5. The accumulated balance in the account shall be divided by the present value of an annuity of \$1 per month payable for the Quebec Member's lifetime calculated by the Actuary and based on the following assumptions:
 - (i) 1983 Group Annuity Mortality Table, as published by the Society of Actuaries; and
 - (ii) Interest for the first 15 years at an annual rate equal to the yield on "long-term Government of Canada Bonds" (CANSIM series B14013) for the month preceding as published in the Bank of Canada Review, and interest at 6% per annum thereafter.
6. The Quebec Member's postponed retirement pension shall be calculated by adding:
 - (i) The monthly normal retirement pension that the Quebec Member would have been entitled to receive had the Member retired on his or her Normal Retirement Date; and
 - (ii) the pension calculated pursuant to paragraph 5 above.
7. In the event of a partial payment of the retirement pension after the Normal Retirement Date but before actual retirement (i.e. with different parts of the retirement pension being postponed for different periods), the foregoing procedure shall be applied separately to each part.