

**PENSION PLAN FOR THE  
SALARIED AND HOURLY  
EMPLOYEES OF  
FRONTIER POWER PRODUCTS LTD.**

**POLICY No. RS100396-0131**

**(Revised and restated with effect from October 6, 2011)**

**Arranged in conjunction with**

**THE STANDARD LIFE ASSURANCE COMPANY**



---

## 1. INTRODUCTION

This document sets out the terms of the Pension Plan for the Salaried and Hourly Employees of Frontier Power Products Limited (the "Plan"), as revised and restated with effect from October 6, 2011.

The Plan is funded on a money purchase basis through a Group Retirement Solutions contract issued jointly by The Standard Life Assurance Company.

The Employer is responsible to ensure that the Plan offers a prudent investment portfolio to hold contributions deposited for investment for the best financial interest of the Members. Contributions will be credited with such interest, dividends, gains and losses as can reasonably be attributed to the Funds which hold them. All investments will be held in the name of, or for the benefit of the Plan. Furthermore, contributions in respect of each Member of the Plan together with any other eligible amounts allocated to a Member in accordance with the terms of the Plan will be maintained in a separate account. Such amounts will be applied under the terms of the contract in accordance with the requirements of Applicable Legislation which will also govern the operation of the Plan. Unless stated otherwise herein, all benefits are in respect of service rendered in Canada. The Assurance Company will only assume liability for payment of those benefits purchased from it.

The Employer will be the administrator of the Plan and will be responsible for the overall operation and administration of the Plan and will remit contributions to the Assurance Company and effect investments in accordance with the requirements of Applicable Legislation. Investment earnings under the Plan will be allocated to each Member's account on a reasonable basis and, in accordance with Applicable Legislation, such allocations will occur no less frequently than once annually. Fees and expenses related to the general administration of the Plan are paid from the pension fund unless they are paid by the Employer.

Contributions must be deposited under the Plan by the Employer monthly within the 30 days from the end of the month in which they are due. If contributions are not remitted to the Plan within the following 60 days, the Assurance Company will notify the Superintendent of Pensions in accordance with the requirement of Applicable Legislation. Until the contributions are remitted to the Assurance Company, such contributions are deemed to be held in trust by the Employer for the benefit of the Members.

---

---

---

## 2. DEFINITIONS

**"Annual Earnings"** means the total remuneration received by the Member from the Employer during the year, including overtime and commission, but excluding any payment for bonuses and tips.

During a contributory period of leave of absence, the Annual Earnings of a Member are to be a prescribed amount for the purposes of the Plan. While this prescribed amount may generally be equal to the Member's Annual Earnings in effect immediately prior to the date of leave of absence without pay, it is more specifically determined in accordance with, and limited by Applicable Legislation.

The Annual Earnings of a Member who is a connected person of the Employer are excluded from the determination of contributions for any period of leave of absence without pay or for any period of reduced pay in accordance with the Income Tax Act (Canada).

**"Applicable Legislation"** means the Pension Benefits Standards Act, or any similar Act (and the regulations issued thereunder) having jurisdiction over the Plan and will include the applicable provincial rules and regulations and/or the Income Tax Act (Canada) and Regulations thereto.

**"Approved Leave"** means absence from employment with or without pay that is determined in accordance with:

- (i) the employment policies of the Employer, or
- (ii) any qualifying leave under labour laws, employment standards and workers' compensation legislation of the province in which the Member reports to work on the date of absence and that has jurisdiction over the Plan.

**"Assurance Company"** means The Standard Life Assurance Company of Canada.

**"Continuous"** in relation to employment, membership or service, means without regard to periods of temporary suspension of employment, membership or service and without regard to periods of lay-off from employment.

**"Effective Date"** means September 13, 1996.

---

**"Employee"** means an employee employed by the Employer, and may include a connected person employed by the Employer, as defined in the Income Tax Act (Canada) and Regulations thereto.

**"Employer"** means Frontier Power Products Ltd.

**"Funds"** means the investment Funds established in connection with the Plan.

**"Maturity Date"** means December 31 coincident with or following the date the Member attains age 71, or any other time as provided by the Income Tax Act (Canada) and section 38(9) of the Pension Benefits Standards Act. Upon reaching Maturity Date, the payment of retirement income provided for by the Plan, if not having commenced earlier, must commence.

**"Member"** means an Employee who has enrolled in the Plan in accordance with the requirements of Clause 3.

**"Plan Year"** means the period commencing on January 1 in any year and ending on the following December 31.

**"Spouse"** means, in relation to another person,

- (a) a person who at the relevant time was married to the Member, and who, if living separate and apart from the Member at the relevant time, did not live separate and apart from the Member for longer than the 2 year period immediately preceding the relevant time, or
- (b) if there is no person to whom (a) applies, a person who was living and cohabiting with the Member in a marriage-like relationship, including a marriage-like relationship between persons of the same gender, and who had been living and cohabiting in that relationship for a period of at least 2 years immediately preceding the relevant time.

However, Spouse shall not include any person who is not recognized as a spouse or as a common-law partner under the Income Tax Act (Canada).

---

### 3. MEMBERSHIP

Employees in the service of the Employer may join the Plan on the first day of the month following the date on which they complete 6 months of Continuous employment.

To become enrolled in the Plan an application for membership must be completed and submitted.

### 4. CONTRIBUTIONS

Each Member of the Plan will contribute, by payroll deduction, a minimum of 1% of his or her Annual Earnings up to the permissible Income Tax Act limits.

The Employer will contribute, on behalf of each Member, an amount equal to the required contributions of the Member, up to a maximum of 3% of the Member's Annual Earnings.

With effect from July 1, 2007, the Employer will contribute, on behalf of each Member, an amount equal to the Member's contribution, however, the maximum Employer contribution is a percentage of the Member's Annual Earnings, based on the Member's years of service, according to the following table:

<u>Member's Years of Service</u>	<u>Percentage of the Member's Annual Earnings</u>
Less than 2 years	1% to 3%
At least 2 years, but less than 5 years	1% to 4%
5 years or more	1% to 5%

Employer contributions and Member contributions, if any, are deductible under the provisions of subsections 147.2(1) and 147.2(4), respectively, of the Income Tax Act (Canada). Such contributions together with any forfeited amounts reallocated to Members will not exceed the maximum amounts which may be used to establish a Member's pension adjustment by virtue of subsection 147.1(8) of the said Act. Subject to the approval of the Superintendent of Pensions, contributions must be returned to the contributor in the event that any contributions or reallocations made in respect of a Member in a calendar year cause the Plan to become revocable.

A Member may transfer to the Plan on a direct plan to plan basis any amount due to him or her from another registered plan. Such amounts will

---

be transferred and administered under the Plan in accordance with Applicable Legislation.

**5. NORMAL RETIREMENT DATE**

A Member's Normal Retirement Date will be the first day of the month coincident with or following his or her 65th birthday.

**6. RETIREMENT BEFORE OR AFTER NORMAL RETIREMENT DATE**

A Member may retire early on the first day of any month within 10 years of his or her Normal Retirement Date. If a Member defers retirement, contributions will continue to be made and the Member will receive his or her pension on the first day of the month following retirement but not later than the end of the year in which the Member reaches Maturity Date.

**7. TERMINATION OF EMPLOYMENT**

Effective January 1st, 1998, in respect of all benefits accrued under the Plan, a Member who terminates his or her employment before Normal Retirement Date and before completing a Continuous period of two years of membership in the Plan will receive, in accordance with the Member's election, either a cash refund of the value of the Member's contributions to the Funds, or, a deferred life annuity payable from Normal Retirement Date for the amount of pension which can be purchased by the said value.

If, at the date of termination of employment, the Member has completed a Continuous period of two years of membership in the Plan, benefits are locked-in and he or she may not receive a cash refund but instead will receive a deferred life annuity payable from Normal Retirement Date in respect of all funds not attributable to voluntary contributions, including those funds which are derived from Employer contributions made on the Member's behalf. This deferred life annuity cannot be surrendered for cash.

In lieu of a deferred life annuity, the Member can exercise his or her portability options in accordance with Clause 9, Portability of Benefits. However, if a Member under the age of 55 does not make an election within 90 days following receipt of an option statement, the Member will be deemed to have elected to transfer his or her funds in accordance with subsections (a)(ii) and/or (b)(ii) of Clause 9, Portability of Benefits, as applicable, with the Assurance Company.

---

That part of the value of Employer contributions not vested upon termination of employment will be forfeited by the Member. Subject to Applicable Legislation, such forfeited amounts and all earnings of the Plan that are reasonably attributable to the forfeited amounts will be returned to the Employer as a credit against subsequent contributions, used to pay administrative expenses under the Plan, or reallocated in a uniform manner to Members actively participating in the Plan. All forfeitures must be paid or applied by December 31st of the calendar year following the date of their occurrence.

If the forfeiture amounts are not used by the Employer within the prescribed time frame, they will be reallocated in a uniform manner to Members actively participating in the Plan.

A Member who leaves the service of the Employer is not permitted to make any further contributions to the Plan.

- Notes:
- (i) Refunds on termination of employment will be paid within 60 days following receipt of the required documentation.
  - (ii) Members who have attained age 55 and who are within ten years of Normal Retirement Date on the date of termination of employment may elect to receive an early retirement pension under the Plan in lieu of any of the other benefits otherwise available in accordance with the terms of this Clause.

## **8. DEATH**

Subject to any applicable law, a Member may designate a beneficiary and subsequently change this beneficiary, by written notice or in his or her will. For the purposes of the Plan, the Spouse of the Member will be deemed to be his or her designated beneficiary, regardless of any other beneficiary designation which may have been made by the Member, unless a prescribed waiver form has been signed by the Spouse.

If a Member dies before retirement and has an eligible Spouse, the Member's Spouse is entitled to the value of all contributions to the Funds made by or on behalf of the Member, including contributions made by the Employer. Once a Member has completed two years of continuous Plan membership with respect to all years of Plan membership, the Member's Spouse may not receive a cash refund, but may exercise portability rights in accordance with the terms of the Applicable Legislation. Alternatively, the Member's Spouse may elect to

---

purchase an immediate annuity for life or a deferred annuity for life under the terms of the Plan, beginning not later than the end of the year in which he or she reaches Maturity Age or , if the Spouse has already reached Maturity Age, within one year after the date of the Member's death, such annuity may be guaranteed for a period not exceeding 15 years.

If a Member dies before retirement and does not have an eligible Spouse, a cash refund will be made of the value of all contributions to the to the Funds made by or on behalf of the Member, including contributions made by the Employer, payment of which will be made to the designated beneficiary or estate of the Member according to their entitlement under the Plan.

## **9. PORTABILITY OF BENEFITS**

Benefits are fully portable in accordance with sections (a) and (b) below:

(a) Portability of Non Locked-In Benefits:

An election may be made to receive a taxable cash refund or to transfer the value of benefits to:

- (i) another registered pension plan if the other pension plan so allows, or
- (ii) a registered retirement savings plan, or
- (iii) a registered retirement income fund, or,

a deferred life annuity contract may be purchased.

(b) Portability of Locked-In Benefits:

An election may be made to transfer the value of benefits to:

- (i) another registered pension plan if the other pension plan so allows, or
- (ii) an RRSP that meets the conditions stipulated by Applicable Legislation with respect to the continuing administration of the funds transferred, or
- (iii) any form of Registered Retirement Income Fund (RRIF) prescribed by Applicable Legislation, provided the applicant has attained at least age 55,

provided that no transfer will be effected except upon receipt of evidence that the value of benefits to be transferred will be

---

administered in accordance with the conditions prescribed by Applicable Legislation as regards portability of locked-in benefits.

Alternatively, a deferred or immediate life annuity contract, as the case may be, can be purchased, provided the applicant has attained at least age 55.

- Notes:
- (a) Benefits are determined to be "locked-in" if such benefits cannot be provided as a cash refund under the terms of the Plan.
  - (b) In certain provinces, the RRSP referred to in subsection (b)(ii) above is called a Locked-In Retirement Account (LIRA), and in other provinces this RRSP is called a Locked-In Registered Retirement Savings Plan (Locked-In RRSP).
  - (c) The Registered Retirement Income Fund (RRIF) referred to in subsection (b)(iii) above will be construed to mean a Life Income Fund (LIF) if provincially prescribed as such, and may also mean a Locked-in Retirement Income Fund (LRIF), in provinces that provide for the LRIF.
  - (d) The transfer will be effected within 60 days following receipt of the required documentation.

## **10. NORMAL FORM OF PENSION**

When a Member retires, the total value of all contributions to the Funds, including contributions made on his or her behalf by the Employer, will be used to purchase a pension. The pension is payable by monthly instalments in equal periodic amounts for a minimum of ten years and as long thereafter as the pensioner lives.

If a Member has a Spouse, the pension is payable during the lifetime of the Member, provided that if the Member predeceases his or her Spouse, pension payments shall continue to be made during the lifetime of the Spouse at the rate of 60% of the amount being paid to the Member immediately prior to the date of his or her death.

Pension benefits may not be surrendered or commuted once pension payments have commenced, except as provided for under Applicable Legislation.

---

Notes:

- (a) Pensions must be purchased from a person licensed or otherwise authorized under the laws of Canada or of the province to sell such pensions.
- (b) At the date of retirement of the Member, he or she may elect one of the portability options described in section (b) of Clause 9, Portability of Benefits.

## **11. OPTIONAL FORMS OF PENSION**

At any time prior to actual retirement, a Member may elect to have his or her pension paid in one of the forms described below. A Member who has an eligible Spouse may elect a joint annuitant option which provides his or her surviving Spouse with a pension continuing at a higher rate than that described in Clause 10, Normal Form of Pension, without exceeding 100%. However, unless the Spouse's entitlement has been divided pursuant to a marriage break-up, no other optional forms of pension may be elected by a Member who has an eligible Spouse, without the submission of a provincially approved waiver form signed by the Spouse within the 90 days immediately preceding the Member's date of commencement of pension.

**OPTIONAL GUARANTEED PERIODS** A pension may be payable to the Member

- (i) during his or her lifetime with no further guarantee, or
- (ii) during his or her lifetime and in the event of his or her death before the end of the chosen guaranteed period (not exceeding 15 years) to the beneficiary for the balance of the period.

**JOINT ANNUITANT OPTION** A pension may be payable to the Member with the provision that after the death of the Member, payments will continue to the Spouse during his or her lifetime.

The Member selects the level of pension to be paid to the Spouse when electing this option. If either the Member or Spouse dies before pension payments are due to commence, the election of this option will automatically be cancelled.

**ANNUAL INCREASE OPTION** A pension may be payable to the Member for his or her lifetime, with the provision that the pension would

---

be increased on January 1st each year at a rate not exceeding 4% per annum. This option must be selected by the Member at the time of his or her retirement and is available with or without a guaranteed period.

## **12. LEAVES OF ABSENCE**

If an active Member is absent from employment on an Approved Leave, contributions and benefits under the Plan may be continued, subject to the terms of the following paragraphs. Contributions will be based on the Annual Earnings of the Member immediately prior to the date of the Approved Leave and are limited to the maximum period for which contributions are permitted to be made as set out in the Income Tax Act (Canada). While on an Approved Leave, no benefits are payable while the Plan remains in force, unless the Member terminates employment or membership in the Plan, retires or dies.

### **Maternity or Parental Leave**

A Member, other than a connected person, who is required to contribute to the Plan may elect to continue to make required contributions to the Plan while on Maternity or Parental Leave. The Employer will continue to contribute to the Plan on behalf of such Members, and on behalf of any Member who is not required to contribute, in accordance with the provisions of the Plan. The contributions will continue for the period required in accordance with applicable labour laws or employment standards.

### **Workers' Compensation**

If a Member is absent due to a work-related injury and is receiving benefits under workers' compensation legislation, contributions will cease and no benefits will accrue during the period of leave of absence.

### **Other Approved Leaves**

If a leave of absence is other than as described above and is with pay, the Member contributions and Employer contributions will continue to be made. If such absence is without pay, contributions may either be continued or discontinued as determined by the Employer in accordance with employment policies and subject to the provisions of the Income Tax Act (Canada).

Any period of Approved Leave will count as Continuous service and Continuous membership under the Plan.

---

### **13. ASSIGNMENT**

The pension and other benefits provided under the terms of the Plan are not capable of being assigned, charged, anticipated, given as security, or surrendered.

### **14. EVIDENCE OF AGE**

Evidence satisfactory to the Assurance Company of the age of Members and of any persons who are designated as joint annuitants must be produced if requested.

### **15. CASH SETTLEMENT**

Locked-in funds under the Plan may be payable as a cash settlement on the prescribed basis and in the prescribed manner, if:

- (a) the value of the contributions does not exceed 20% of the Year's Maximum Pensionable Earnings at the date a benefit becomes payable,
- (b) the total entitlement in every defined contribution pension plan, Locked-in RRSP and prescribed retirement income fund of the Member or former Member, who is at least age 65, is not more than 40% of the Year's Maximum Pensionable Earnings as defined under the Canada Pension Plan,
- (c) the Member, former Member, Spouse, surviving Spouse or former Spouse who is entitled to a benefit has been absent from Canada for two or more years and has become a non-resident of Canada as determined for the purposes of the Income Tax Act (Canada), or
- (d) the Member, former Member or surviving Spouse has a disability or terminal illness that is likely to considerably shorten the person's life expectancy, as certified by a medical practitioner.

---

## **16. CHANGE OR TERMINATION OF THE PENSION PLAN**

The Employer intends to maintain the Plan in force but reserves the right to amend or discontinue the Plan.

If the Plan is amended, the benefits provided in respect of remuneration and service prior to the date of amendment will not be adversely affected. Replacement of the Plan by another will be treated as an amendment to the Plan unless the requirements of Applicable Legislation stipulate otherwise.

If the Plan is discontinued, the total value of all contributions to the Funds, including contributions made on the Member's behalf by the Employer, will be used to purchase an annuity or the Member may elect to transfer the value of the funds to one of the portability options described in section (b) of Clause 9, Portability of Benefits.

Any monies in an account not for the sole benefit of the Member will first be used to pay the outstanding charges and expenses under the Plan, and any balance will be returned to the Employer, subject to Applicable Legislation. The Employer may also elect to either reallocate all or any portion of such balance in a uniform manner to Members actively participating in the Plan.

The Employer shall determine the method of distribution of any balance under the Plan except in the event of bankruptcy where the designated Plan administrator shall make such determination. The assets held under the Plan will not be distributed without the prior written consent from the Superintendent of Pensions.

## **17. MARRIAGE BREAK-UP**

Pension benefits are family assets under the Family Relations Act. Upon notification, the pension benefit credits of a Member included in a decree, order or judgement of a competent tribunal or pursuant to a written agreement in settlement of rights out of a marriage will be administered in accordance with Applicable Legislation. Any benefits which are determined to be locked-in will continue to be locked-in to the Spouse or former Spouse. Once a Spouse or former Spouse receives his or her share of the pension benefits, the Spouse's entitlement under the Plan will cease.

---

## **18. DISCLOSURE**

The terms and conditions of the Plan must be given to an Employee on or before the date he or she becomes a Member of the Plan. A Member must also be supplied with the information of any change in the terms and conditions of the Plan and any other information which may be prescribed by Applicable Legislation.

Within six months after the end of a Plan Year, the Employer will provide to each Member a statement indicating his or her entitlement under the Plan as required by Applicable Legislation. A separate copy will be provided to the Spouse on demand.

A Member, a Spouse, or the authorized agent of the Member or a Member who has terminated employment has the right to receive information and details of entitlements and options on termination, death and retirement before settlement is made. The Employer must comply within the prescribed period of time as set out by Applicable Legislation.

## **19. GENERAL**

Eligibility, contributions and benefit entitlements accrued under the Plan will be determined on a basis that does not differentiate between the sexes.

## **20. ADDITIONAL PROVISIONS**

### **Withdrawal of Voluntary Contributions**

While in the service of the Employer, a Member is not permitted to withdraw any funds which originate from required contributions. A Member may, however, withdraw, at any time, any funds which originate from voluntary contributions.

---

---



---

**APPENDIX TO THE  
PENSION PLAN FOR THE SALARIED AND HOURLY EMPLOYEES  
OF FRONTIER POWER PRODUCTS LIMITED**

**(Province of Employment: Alberta)**

This Appendix forms an integral part of the overall Plan and applies to Members employed in the province of Alberta and/or to Members who do not report to work at an office of the Employer in another province but who are remunerated from the office of the Employer in the province of Alberta. All definitions and provisions contained in this Appendix are in accordance with the Alberta Employment Pension Plans Act.

The following Clauses amend or replace the corresponding Clauses set out in the main body of the text.

**2. DEFINITIONS**

**"Continuous"** means a continuous period of either employment with the Employer or membership in the Plan determined without regard to temporary periods of suspension of employment or membership not exceeding 52 consecutive weeks but more specifically determined in accordance with the Applicable Legislation.

**"Spouse"** means, in relation to another person,

- (i) a person who, at the relevant time, was married to that other person and had not been living separate and apart from that other person for 3 or more consecutive years, or
- (ii) if there is no person to whom (i) applies, a person who, immediately preceding the relevant time, had lived with that other person in a conjugal relationship
  - (a) for a continuous period of at least 3 years, or
  - (b) of some permanence, if there is a child of the relationship by birth or adoption.

However, a Spouse shall not include any person who is not recognized as a spouse or as a common-law partner under the Income Tax Act (Canada).

---

---

## 7. TERMINATION OF EMPLOYMENT

A Member who terminates his or her employment before Normal Retirement Date and has not completed at least five years of Continuous employment with the Employer will receive, in accordance with the Member's election, either a cash refund of the value of the Member's contributions to the Funds, or, a deferred life annuity payable from Normal Retirement Date for the amount of pension which can be purchased by the said value.

If, at the date of termination of employment, the Member has completed at least five years of Continuous employment with the Employer in respect of benefits accrued on and after 1st January, 1987 but prior to 1<sup>st</sup> January, 2000, or completed a Continuous period of at least 2 years of membership in the Plan in respect of benefits accrued on and after 1<sup>st</sup> January, 2000, benefits are locked-in and such Member may not receive a cash refund in respect of such accrued benefits but instead will receive a deferred life annuity payable from Normal Retirement Date in respect of all funds not attributable to voluntary contributions, including those funds which are derived from Employer contributions made on the Member's behalf. This deferred life annuity cannot be surrendered for.

In lieu of a deferred life annuity, the Member can exercise his or her portability options in accordance with Clause 9, Portability of Benefits.

However, if the value of the deferred life annuity is less than 20% of the YMPE and the Member does not make an election within 90 days following receipt of an option statement, the Member will be deemed to have elected to transfer his or her funds in accordance with Clause 9(a)(ii) with the Assurance Company.

That part of the value of Employer contributions not vested upon termination of employment will be forfeited by the Member. In accordance with Applicable Legislation, such forfeited amounts and all earnings of the Plan that are reasonably attributable to the forfeited amounts must be paid or applied by December 31st of the calendar year following the date of their occurrence. The said forfeitures will be applied as a credit against subsequent Employer contributions, used to pay administrative expenses under the Plan, reallocated in a uniform manner to Members actively participating in the Plan, or, subject to the prior written approval of the Superintendent of Pensions, returned as a surplus in accordance with Applicable Legislation.

If the forfeiture amounts are not used by the Employer within the prescribed time frame, they will be reallocated in a uniform manner to Members actively participating in the Plan.

---

---

A Member who leaves the service of the Employer is not permitted to make any further contributions to the Plan.

- Notes: (i) Refunds on termination of employment will be paid within 60 days following receipt of the required documentation.
- (ii) Members who are within ten years of Normal Retirement Date on the date of termination of employment may elect to receive an early retirement pension under the Plan in lieu of any of the other benefits otherwise available in accordance with the terms of this Clause.

## **8. PRE-RETIREMENT DEATH**

Subject to any applicable law, a Member may designate a beneficiary and subsequently change this beneficiary, by written notice or in his or her will. For the purposes of the Plan, the Spouse of the Member will be deemed to be his or her designated beneficiary, notwithstanding any other beneficiary designation which may have been made by the Member, unless a prescribed waiver form has been signed by the Spouse.

If a Member dies before retirement the value of all contributions to the Funds made by or on behalf of the Member, including contributions made by the Employer will be payable to the Member's Spouse or in the absence of a Spouse to the designated beneficiary or to the Member's estate. If payable to the Member's Spouse, benefits which would have been determined to have been locked-in had the Member terminated employment on the date of his or her death will not be available as a cash refund.

A Spouse may exercise portability rights in accordance with the terms of Applicable Legislation, or may elect to apply the refund towards the purchase of an immediate annuity for life or a deferred annuity for life under the terms of the Plan, beginning not later than the end of the year in which he or she reaches Maturity Date or, if the Spouse has already reached Maturity Date, within one year after the date of the Member's death. Such annuity may be guaranteed for a period not exceeding 15 years. However, should the Spouse die before the funds are transferred or are used to purchase a deferred or immediate annuity for life, the benefits will be paid as a cash refund to the Spouse's beneficiary or, if there is no such person living, the personal representatives of the Spouse's estate in their representative capacity.

---

---

Refunds following the death of a Member will be paid within 60 days of receipt of the required documentation.

Any beneficiary designated under the Plan, recognized as a common-law partner under the Income Tax Act (Canada), may exercise portability rights in accordance with Applicable Legislation.

## **9. PORTABILITY OF BENEFITS**

Benefits are fully portable in accordance with sections (a) and (b) below:

(a) Portability of Non Locked-In Benefits:

An election may be made to receive a taxable cash refund or to transfer the value of benefits to:

- (i) another registered pension plan if the other pension plan so allows, or
- (ii) a registered retirement savings plan, or
- (iii) a registered retirement income fund, or,

a deferred life annuity contract may be purchased.

(b) Portability of Locked-in Benefits:

An election may be made to transfer the value of benefits to:

- (i) another registered pension plan if the other pension plan so allows, or
- (ii) a LIRA (Locked-In Retirement Account) that meets the conditions of Applicable Legislation with respect to the continuing administration of the funds transferred or,
- (iii) any form of RIA (Registered Income Arrangement) prescribed by Applicable Legislation (can only be elected if the Member has attained age 50 and a waiver has been signed by the Spouse in the manner prescribed by Applicable Legislation),

provided that no transfer will be effected except upon receipt of evidence that the value of benefits to be transferred will be administered in accordance with the conditions prescribed by Applicable Legislation as regards portability of locked-in benefits.

Alternatively, a deferred or immediate life annuity contract, as the case may be, can be purchased.

---

---

Members who have attained age 50 and elect an annuity contract or a transfer in accordance with subsection (b)(iii) above may receive 50% of their benefits on a non locked-in basis, provided a waiver has been signed by the Spouse in the manner prescribed by Applicable Legislation.

- Notes:
- (a) Benefits are determined to be "locked-in" if such benefits cannot be provided as a cash refund under the terms of the Plan.
  - (b) The LIRA in subsection (ii) above is referred to as Locked-In Registered Retirement Savings Plan (Locked-In RRSP) in certain provinces.
  - (c) The RIA referred to in subsection (b)(iii) above is a registered income fund, within the meaning of the Income Tax Act (Canada), and will be construed to mean a Life Income Fund (LIF).
  - (d) The transfer will be effected within 60 days following receipt of the required documentation.

## **12. LEAVES OF ABSENCE**

If an active Member is absent from employment on an Approved Leave, contributions and benefits under the Plan may be continued, subject to the terms of the following paragraphs. Contributions will be based on the Annual Earnings of the Member immediately prior to the date of the Approved Leave and are limited to the maximum period for which contributions are permitted to be made as set out in the Income Tax Act (Canada). While on an Approved Leave, no benefits are payable while the Plan remains in force, unless the Member terminates employment or membership in the Plan, retires or dies.

### **Maternity or Parental Leave**

Contributions will cease and no benefits will accrue during the period of leave of absence.

---

---

### **Workers' Compensation**

If a Member is absent due to a work-related injury and is receiving benefits under workers' compensation legislation, contributions will cease and no benefits will accrue during the period of leave of absence.

### **Other Approved Leaves**

If a leave of absence is other than as described above and is with pay, the Member contributions and Employer contributions will continue to be made. If such absence is without pay, contributions may either be continued or discontinued as determined by the Employer in accordance with employment policies and subject to the provisions of the Income Tax Act (Canada).

Any period of Approved Leave will count as Continuous service and Continuous membership under the Plan.

## **15. CASH SETTLEMENT**

Locked-in funds under the Plan may be payable as a cash settlement if:

- (i) the total value of the Member's entitlement under all related plans of the Employer does not exceed 20% of the Year's Maximum Pensionable Earnings at the date a benefit becomes payable,
- (ii) the Member, former Member or surviving Spouse has a terminal illness or a disability that is likely to considerably shorten the person's life expectancy, as certified by a medical practitioner, provided the Spouse of the Member or former Member, if any, waives his or her rights in the manner prescribed by Applicable Legislation,
- (iii) the Member, former Member or surviving Spouse is not resident in Canada for the purposes of the Income Tax Act (Canada), provided the Spouse of the Member or former Member, if any, waives his or her rights in the manner prescribed by Applicable Legislation.

In lieu of a cash settlement, the value indicated in subsection (i) above may be transferred in accordance with Clause 9(a)(ii).

---

---

**17. MARRIAGE BREAK-UP**

Subject to Applicable Legislation, the entitlement of a Spouse or former Spouse to receive benefits under this Plan is subject to entitlements arising under a) a matrimonial property order, within the meaning of the Matrimonial Property Act, or b) a similar order issued by a court of competent jurisdiction, or c) an agreement that meets the requirements of the Matrimonial Property Act and filed with the Plan administrator. Any benefits which are determined to be locked-in will continue to be locked-in to the Spouse or former Spouse. The benefits payable to the Spouse may be transferred in accordance with Clause 9, Portability of Benefits.

---

---

---

**APPENDIX TO THE  
PENSION PLAN FOR THE SALARIED AND HOURLY EMPLOYEES  
OF FRONTIER EQUIPMENT LIMITED**

**(Province of Employment: Manitoba)**

This Appendix forms an integral part of the overall Plan and applies to Members employed in the province of Manitoba and/or to Members who do not report to work at an office of the Employer in another province but who are remunerated from the office of the Employer in the province of Manitoba. All definitions and provisions contained in this Appendix are in accordance with the Manitoba Pension Benefits Act.

The following Clauses amend or replace the corresponding Clauses set out in the main body of the text.

**2. DEFINITIONS**

**"Common-law Partner"** means a person who, with the Member or former Member, registered a common-law relationship under section 13.1 of the Vital Statistics Act, or a person who, not being married to the Member or former Member, has cohabited with him or her in a conjugal relationship:

- (a) for a period of at least three years, if either of them is married; or
- (b) for a period of not less than one year, if neither of them is married.

However, a Common-law Partner shall not include any person who is not recognized as a common-law partner under the Income Tax Act (Canada).

**"Common-law relationship"** means the relationship between two persons who are Common-law Partners of each other.

**"Continuous employment"** means a period of service with the Employer for a period of time without regard to temporary interruption in employment as determined in accordance with Applicable Legislation.

**"Spouse"** where used in relation to another spouse means the person who is married to that other spouse, and "spouses" means two persons who are married to each other. Spouse shall also mean a Common-law Partner.

---

---

**"Temporary Interruption in Employment"** means a period not exceeding 54 consecutive weeks during which an employee is not performing duties as an employee and at the expiry of which he resumes, or is reasonably expected to resume, his duties. Unless an actual termination of employment has occurred, employment before and after shall be deemed Continuous employment for purposes of eligibility, and the determination of benefits under the Plan.

### **3. MEMBERSHIP**

Employees in the service of the Employer are required to join the Plan on the first day of the month following the date on which they complete 6 months of Continuous employment.

An Employee in the service of the Employer is not required to join the Plan if he or she:

- (a) is a student on a substantially full-time basis; or
- (b) is a member of a religious group which has as one of its articles of faith the belief that members of the group are precluded from being a Member of the Plan; or
- (c) is a full-time Employee of the Employer and was so employed as a full-time Employee before January 1, 1984 or the Effective Date of the Plan, whichever is the later, and who before that date was not a Member of the Plan; or
- (d) is a non-full-time Employee of the Employer, who was so employed as a non-full-time Employee before January 1, 1984, or the Effective Date of the Plan, whichever is the later, and whose employment after that date is broken only by temporary interruptions in employment; or
- (e) retires from the employment of the Employer and is in receipt of a pension, but subsequently returns to work for the Employer or another employer covered by the Plan.

Once an Employee becomes a Member of the Plan, he or she will be considered to remain an active Member until such time as he or she

- (a) is no longer part of the class of Employees eligible under the Plan;
  - (b) terminates employment with the Employer, retires or dies;
  - (c) terminates Continuous employment.
-

---

To become enrolled in the Plan an application for membership must be completed and submitted.

## **7. TERMINATION OF EMPLOYMENT**

A Member who terminates his or her employment or ceases active membership in the Plan before Normal Retirement Date will receive a deferred life annuity payable from Normal Retirement Date in respect of the value of all funds not attributable to voluntary contributions, if any, including the value of the Employer's contributions to the Funds made on the Member's behalf. This deferred life annuity cannot be surrendered for cash, except as provided under Clause 15, Cash Settlement.

In lieu of a deferred life annuity, the Member can exercise his or her portability options in accordance with Clause 9, Portability of Benefits.

A Member who leaves the service of the Employer is not permitted to make any further contributions to the Plan.

Notes:(i) Members who are within ten years of Normal Retirement Date on the date of termination of employment or the date of cessation of active membership in the Plan may elect to receive an early retirement pension under the Plan in lieu of any of the other benefits otherwise available in accordance with the terms of this Clause.

(ii) Refunds on termination of employment will be paid within 90 days following receipt of the required documentation.

## **8. DEATH**

Subject to any applicable law, a Member may designate a beneficiary and subsequently change this beneficiary, by written notice or in his or her will. For the purposes of the Plan, the Spouse of the Member will be deemed to be his or her designated beneficiary regardless of any other beneficiary designation which may have been made by the Member, unless the Member and his or her Spouse are living separate and apart at the time of death by reason of a breakdown of their relationship, or a prescribed waiver form has been signed by the Spouse.

---

---

If a Member dies before retirement, the value of all contributions to the Funds made by or on behalf of the Member, including contributions made by the Employer will be payable to the Member's Spouse or in the absence of a Spouse to the designated beneficiary or to the Member's estate. If payable to the Member's Spouse, benefits will be locked-in and will not be available as a cash refund.

A Spouse may exercise portability rights in accordance with the terms of Applicable Legislation, or may elect to apply the refund towards the purchase of an immediate annuity for life or a deferred annuity for life under the terms of the Plan, beginning not later than the end of the year in which he or she reaches Maturity Date or, if the Spouse has already reached Maturity Date, within one year after the date of the Member's death. Such annuity may be guaranteed for a period not exceeding 15 years.

Any beneficiary designated under the Plan, recognized as a common-law partner under the Income Tax Act (Canada), may exercise portability rights in accordance with Applicable Legislation.

## **9. PORTABILITY OF BENEFITS**

Benefits are fully portable in accordance with sections (a) and (b) below:

(a) Portability of Non Locked-In Benefits:

An election may be made to receive the value of voluntary contributions, if any, as a taxable cash refund or to transfer the value to:

- (i) another registered pension plan if the other pension plan so allows, or
- (ii) a registered retirement savings plan, or
- (iii) a registered retirement income fund, or,

a deferred or immediate life annuity contract may be purchased.

---

---

(b) Portability of Locked-in Benefits:

An election may be made to transfer the value of benefits to:

- (i) another registered pension plan if the other pension plan so allows, or
- (ii) an RRSP that meets the conditions stipulated by Applicable Legislation with respect to the continuing administration of the funds transferred, or,
- (iii) any form of Registered Retirement Income Fund (RRIF) prescribed by Applicable Legislation (can only be elected if the Member has attained early retirement age and a waiver has been signed by the Spouse in the manner prescribed by Applicable Legislation),

provided that no transfer will be effected except upon receipt of evidence that the value of benefits to be transferred will be administered in accordance with the conditions prescribed by Applicable Legislation as regards portability of locked-in benefits.

Alternatively, a deferred or immediate life annuity contract, as the case may be, can be purchased.

A Member who is at least 55 years old may elect to make a one-time transfer of up to 50% of his or her benefits on a non-locked in basis to a prescribed RRIF, provided consent to the transfer has been signed by the Spouse in the manner prescribed by Applicable Legislation. The Member's right to such transfer is subject to an order under The Garnishment Act to enforce a maintenance order and to an order under section 59.3 of The Family Maintenance Act to preserve assets.

- Notes:
- (a) Benefits are determined to be "locked-in" if such benefits cannot be provided as a cash refund under the terms of the Plan.
  - (b) In certain provinces, the RRSP referred to in subsection (b)(ii) above is called a Locked-In Retirement Account (LIRA), and in other provinces this RRSP is called a Locked-In Registered Retirement Savings Plan (Locked-In RRSP).
-

- 
- (c) The Registered Retirement Income Fund (RRIF) referred to in subsection (b)(iii) above will be construed to mean a Life Income Fund (LIF) or a prescribed Registered Retirement Income Fund (prescribed RRIF), if provincially prescribed as such, and may also mean a Locked-in Retirement Income Fund (LRIF), in provinces that provide for the LRIF

## **10. NORMAL FORM OF PENSION**

When a Member retires, the total value of all contributions to the Funds, including contributions made on his or her behalf by the Employer, will be used to purchase a pension. The pension is payable by monthly instalments in equal periodic amounts for a minimum of ten years and as long thereafter as the pensioner lives.

If a Member has an eligible Spouse immediately before the pension commences, the pension is payable during the lifetime of the Member, provided that if the Member predeceases his or her Spouse, pension payments shall continue to be made during the lifetime of the Spouse at the rate of 60% of the amount being paid to the Member immediately prior to the date of his or her death.

Pension benefits may not be surrendered or commuted once pension payments have commenced, except in the event of death of a pensioner.

Notes:

- (a) Pensions must be purchased from a person licensed or otherwise authorized under the laws of Canada or of the province to sell such pensions.
  - (b) At the date of retirement of the Member, he or she may elect one of the portability options described in section (b) of Clause 9, Portability of Benefits.
-

---

## 11. OPTIONAL FORMS OF PENSION

At any time prior to actual retirement, a Member may elect to have his or her pension paid in one of the forms described below. A Member who has an eligible Spouse may elect a joint annuitant option which provides his or her surviving Spouse with a pension continuing at a higher rate than that described in Clause 10, Normal Form of Pension, without exceeding 100%. However, no other optional forms of pension may be elected by a Member who has an eligible Spouse, without the submission of a provincially approved waiver form signed by the Spouse in the prescribed manner. The Spouse may, at any time, revoke such waiver, provided he or she informs the Plan administrator in writing prior to the commencement of pension to which the Member is entitled.

**OPTIONAL GUARANTEED PERIODS** A pension may be payable to the Member

- (i) during his or her lifetime with no further guarantee, or
- (ii) during his or her lifetime and in the event of his or her death before the end of a chosen guaranteed period (not exceeding fifteen years) to the beneficiary for the balance of the period.

**JOINT ANNUITANT OPTION** A pension may be payable to the Member with the provision that after the death of the Member, payments will continue to the Spouse during his or her lifetime.

The Member selects the level of pension to be paid to the Spouse when electing this option. If either the Member or the Spouse dies before pension payments are due to commence, the election of this option will be automatically cancelled.

**ANNUAL INCREASE OPTION** A pension may be payable to the Member for his or her lifetime, with the provision that the pension would be increased on January 1st each year at a rate not exceeding 4% per annum. This option must be selected by the Member at the time of his or her retirement and is available with or without a guaranteed period.

---

---

## **12. LEAVES OF ABSENCE**

If an active Member is absent from employment on an Approved Leave, contributions and benefits under the Plan may be continued, subject to the terms of the following paragraphs. Contributions will be based on the Annual Earnings of the Member immediately prior to the date of the Approved Leave and are limited to the maximum period for which contributions are permitted to be made as set out in the Income Tax Act (Canada). While on an Approved Leave, no benefits are payable while the Plan remains in force, unless the Member terminates employment or membership in the Plan, retires or dies.

### **Maternity or Parental Leave**

Contributions will cease and no benefits will accrue during the period of leave of absence.

### **Workers' Compensation**

If a Member is absent due to a work-related injury and is receiving benefits under workers' compensation legislation, contributions will cease and no benefits will accrue during the period of leave of absence.

### **Other Approved Leaves**

If a leave of absence is other than as described above and is with pay, the Member contributions and Employer contributions will continue to be made. If such absence is without pay, contributions may either be continued or discontinued as determined by the Employer in accordance with employment policies and subject to the provisions of the Income Tax Act (Canada).

Any period of Approved Leave will count as continuous service and continuous membership under the Plan.

## **13. ASSIGNMENT**

The pension and other benefits provided under the terms of the Plan are not capable of being assigned, charged, anticipated, given as security, or surrendered, except as provided for in Clause 17, Marriage Break-Up and Clause 18, Garnishment.

---

---

## **15. CASH SETTLEMENT OF SMALL PENSIONS**

Locked-in funds under the Plan may be payable as a cash settlement on the prescribed basis and in the prescribed manner under certain conditions:

- (i) A cash settlement must be made if the total value of the Member's entitlement under all related plans of the Employer is less than 20% of the Year's Maximum Pensionable Earnings for the year in which a benefit becomes payable.
- (ii) The Member is entitled to a cash settlement if he or she has a terminal illness or a disability that shortens the person's life expectancy to less than two years, as certified by a physician licensed to practice medicine in Canada, provided the Spouse of the Member, if any, waives his or her rights in the manner prescribed by Applicable Legislation.
- (iii) A former Member who is not resident in Canada for the purposes of the Income Tax Act (Canada) is entitled to a cash settlement, provided the Spouse of the former Member, if any, consents to the withdrawal in the manner prescribed by Applicable Legislation. Such payment may be subject to an order under The Garnishment Act or The Family Maintenance Act to preserve assets, and will be reduced by any amount that is or may become payable from the Plan in respect of a division of pension benefits in settlement of rights out of a marriage or Common-law relationship.

In lieu of receiving a taxable cash refund, the Member can exercise his or her portability options in accordance with section (a) of Clause 9, Portability of Benefits.

## **16. CHANGE OR TERMINATION OF THE PENSION PLAN**

The Employer intends to maintain the Plan in force but reserves the right to amend or discontinue the Plan.

If the Plan is amended, the benefits provided in respect of remuneration and service prior to the date of amendment will not be adversely affected. Replacement of the Plan by another will be treated as an amendment to the Plan unless the requirements of Applicable Legislation stipulate otherwise.

---

---

If the Plan is discontinued, the total value of the contributions made to the Funds for the benefit of the Member, including contributions made on the Member's behalf by the Employer, will be used to purchase an annuity or to provide the pension benefit credit otherwise available to the Member upon termination of employment.

Any monies in an account not for the sole benefit of the Member will first be used to pay the outstanding charges and expenses under the Plan, and any balance will be returned to the Employer, subject to Applicable Legislation. The Employer may also elect to either reallocate all or any portion of such balance in a uniform manner to Members actively participating in the Plan.

The Employer shall determine the method of distribution of any balance under the Plan except in the event of bankruptcy where the designated Plan administrator shall make such determination. The assets held under the Plan will not be distributed without the prior written consent from the Superintendent of Pensions.

**17. MARRIAGE BREAK-UP**

Upon notification and receipt of an order of the Court of Queen's Bench made under The Family Property Act or under subsection 31(3.4) of the Manitoba Pension Benefits Act, a similar order issued by a court of competent jurisdiction in another province or territory in Canada, or pursuant to a written separation agreement, the pension benefits in settlement of rights out of a marriage or Common-law relationship will be divided and administered in accordance with the court order or separation agreement, subject to Applicable Legislation.

**18. GARNISHMENT**

The garnishment of pensions is permitted for the purpose of satisfying Sections 14.1 to 14.3 of the Garnishment Act (Manitoba).

**19. DISCLOSURE**

The terms and conditions of the Plan must be given to a Member on or before the date the Employee becomes a Member. A Member must also be supplied with the information of any change in the terms and conditions of the Plan and any other information which may be prescribed by Applicable Legislation.

---

---

Within six months after the end of a Plan Year the Employer will provide to each Member a statement indicating his or her entitlement under the Plan. A separate copy will be provided to the Spouse on demand.

A Member, a Spouse, or the authorized agent of the Member or a Member who has terminated employment has the right to receive information and details of entitlements and options on termination, death and retirement before settlement is made. The Employer must comply within the prescribed period of time as set out by Applicable Legislation.

## **20. GENERAL**

Eligibility, contributions and benefit entitlements accrued under the Plan will be determined on a basis that does not differentiate between the sexes.

---

---

---

---

**PENSION PLAN FOR THE SALARIED AND HOURLY EMPLOYEES  
OF FRONTIER POWER PRODUCTS LTD.**

**POLICY No. RS100396-S0131**

The Pension Plan for the Salaried and Hourly Employees of Frontier Power Products Ltd., as revised and restated on October 6, 2011, is hereby accepted and adopted.

ADOPTED on behalf of  
Frontier Power Products Limited

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
TITLE

---