GREYHOUND WESTERN EMPLOYEES

RETIREMENT INCOME PLAN

YOUR PENSION PLAN SUMMARY

November 2003
YOUR RETIREMENT PLAN

The Greyhound Western Employees Retirement Income Plan (the Plan) was established as a result of negotiations between Greyhound (the Company) and your Union (the Union) with the purpose of assisting employees financially during retirement.

Retirement is an important part of your life. Most of us look forward to retiring, especially if we know that our future is financially secure and we are able to meet our retirement needs. The pension from this Plan, your applicable government pensions, and your personal assets such as RRSPs all contribute to your retirement income security.

ABOUT THIS SUMMARY

This document is a simplified description of certain features of the official Plan text. While we believe this document accurately reflects the official text, the terms of your Plan are governed by the official text, and not by this pension plan summary. In the event of an inconsistency, the official Plan text prevails.

The official Plan text will be made available to you should you wish to review it. You can call either the Human Resources Department at (403) 260-0700 or the Union Office at (403) 229-1335.

The continuance of this Plan is contingent upon acceptance for registration under the terms of the Income Tax Act and the Pension Benefits Standards Act. Amendments to the Plan may be required from time to time in order to maintain registration.

WHAT TERMS DO I NEED TO REFER TO WHEN I READ THIS SUMMARY?

The Plan is a defined benefit plan where specific benefits are promised to members on retirement based on **Average Final Pensionable Earnings, Continuous Service, Credited Service** and **age**.

**Pensionable Earnings** (defined as “Earnings” in the official Plan text) means your total remuneration, subject to any changes which may be negotiated by the Company and the Union. Not included as remuneration for pension purposes are expenses associated with clothing, meals and tools, meal allowances and taxable benefits such as premiums for life insurance and provincial health care.

Special rules apply if you work on a less than full-time basis during a calendar month.
Average Final Pensionable Earnings means the highest of (i), (ii), or (iii) below:

(i) The monthly average Pensionable Earnings of the last sixty months of employment;

(ii) The monthly average Pensionable Earnings of the five calendar years in which Pensionable Earnings were highest;

(iii) For retirement at age 65 or later, the monthly average Pensionable Earnings for the calendar year in which age 63 is reached.

Continuous Service means unbroken service with the Company and any associated company, provided, however, that service shall not be considered broken by the following:

(i) Absence because of sickness or injury and authorized leaves of absence if followed by return to service;

(ii) Time spent in the service of the Armed Forces or the Merchant Marine of Canada provided the employee returns to service with the Company within the period prescribed by law;

(iii) Termination of employment if followed by reinstatement with seniority rights and repayment by the employee of any benefit received, plus interest;

(iv) Lay-off or furlough if followed by return to service in accordance with the applicable collective bargaining agreement.

Credited Service means the sum of the following:

(i) Continuous Service with the Company for the period prior to September 4, 1987;

(ii) Continuous Service with the Company for the period after September 3, 1987 during which the employee makes the required contributions to the Plan;

(iii) The period after December 31, 1993 and prior to January 1, 2004 during which the employee is absent because of sickness or injury or while the employee is on authorized leave of absence and makes the required contributions to the Plan;

(iv) The period after December 31, 2003 during which the employee is absent because of disability, sickness or injury or while the employee is on authorized leave of absence and makes the required contributions to the Plan.

Special rules apply if you work on a less than full-time basis during a calendar month.
WHEN MAY I JOIN THE PLAN?

Since January 1, 1994, if you are a full-time employee, you are automatically enrolled in the Plan on the date you are hired.

If you are a part-time employee, you become a member of the Plan on the January 1st following the completion of two consecutive calendar years of Continuous Service provided that you have earned at least 35% of the Year’s Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan in each of those two consecutive calendar years.

Upon your enrollment, you are required to complete an enrollment form, authorizing payroll deductions of contributions and designating your beneficiary. Remember that if you marry, divorce or wish to change your beneficiary, please inform the Human Resources Department in writing.

CAN I WITHDRAW FROM THE PLAN?

No, once you are a member of the Plan, you may not cease participation while still employed by the Company.

HOW MUCH DO I HAVE TO CONTRIBUTE TO THE PLAN?

Except during an approved period of disability, you must contribute, by payroll deduction, 4% of your earnings. Over and above your contributions, the Company will contribute the additional amount needed to provide the benefits promised under the Plan, as recommended by the Plan’s actuary.

WHEN MAY I RETIRE?

The normal retirement age under the Plan is age 65. You may retire early on the first day of any month after attainment of age 50.

WHAT BENEFIT WILL I RECEIVE WHEN I RETIRE?

When you retire, depending on your age and Continuous Service, you will be entitled to either an unreduced pension or a reduced pension.

Unreduced Pension

You will be entitled to an unreduced pension if:

(i) your retirement occurs after age 60; or

(ii) your retirement occurs after age 55 with at least 28 years of Continuous Service.

The amount of the unreduced pension is equal to 1.75% of your Average Final Pensionable Earnings multiplied by your years of Credited Service up to a maximum of 35 years.
Example 1

To help you understand how an unreduced pension is determined, let’s assume that you retire at age 60 with 30 years of Credited Service and an Average Final Pensionable Earnings of $4,000.

Your monthly pension would be determined as follows:

Average Final Pensionable Earnings x 1.75% x Credited Service

or

$4,000 x 0.0175 x 30

equals a monthly pension of $2,100.

Example 2

Let's assume that your retire at age 56 with 28 years of Credited Service, and an Average Final Pensionable Earnings of $4,000.

Your monthly pension would be determined as follows:

Average Final Pensionable Earnings x 1.75% x Credited Service

or

$4,000 x 0.0175 x 28

equals a monthly pension of $1,960.

Reduced Pension

If you do not meet the requirements for an unreduced pension as stated above, your pension will be reduced if you retire between the ages of 50 and 60. If you retire between the ages of 55 and 60, your monthly pension is reduced by 4% for each year or partial year that your retirement precedes attainment of age 60. However, if your retirement is between the ages of 50 and 55, your pension is first determined as if you retired at age 55 and then reduced by a further 6% for each year or partial year that your retirement precedes attainment of age 55.

Example 3

Let’s assume that you retire at age 53 with 26 years of Credited Service and an Average Final Pensionable Earnings of $4,000.

Your monthly pension, before reduction for early retirement, would be determined as follows:

Average Final Pensionable Earnings x 1.75% x Credited Service

or
$4,000 \times 0.0175 \times 26$

equals a monthly pension of $1,820.

Since you do not meet the requirements for an unreduced pension, your monthly pension will be reduced. For each year between age 55 and age 60, the reduction is 4% (4% \times 5 \text{ years} = 20\%) and for each year prior to age 55, your reduced pension at age 55 is further reduced by an additional 6% (6% \times 2 \text{ years} = 12\%).

Reduced monthly pension at age 55: $(1 - 0.20) \times 1,820 = 1,456$

Reduced monthly pension at age 53: $(1 - 0.12) \times 1,456 = 1,281$

**Pensions for Employees who were Members of the Plan on July 1, 1991**

If you were a member of the Plan on July 1, 1991, you are entitled to the greater of the applicable unreduced or reduced monthly pension described above and a monthly pension determined by multiplying your Average Final Pensionable Earnings by the appropriate percentage as stated in the Table of Retirement Pension Percentages below:

<table>
<thead>
<tr>
<th>Full Years of Credited Service</th>
<th>Age Attained at Last Birthday</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>55</td>
</tr>
<tr>
<td>20</td>
<td>32.0</td>
</tr>
<tr>
<td>21</td>
<td>33.0</td>
</tr>
<tr>
<td>22</td>
<td>34.0</td>
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<tr>
<td>23</td>
<td>35.0</td>
</tr>
<tr>
<td>24</td>
<td>37.0</td>
</tr>
<tr>
<td>25</td>
<td>38.5</td>
</tr>
<tr>
<td>26</td>
<td>38.5</td>
</tr>
<tr>
<td>27</td>
<td>39.0</td>
</tr>
<tr>
<td>28</td>
<td>39.0</td>
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<tr>
<td>29</td>
<td>39.5</td>
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<tr>
<td>30</td>
<td>40.0</td>
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<td>31</td>
<td>40.0</td>
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<td>32</td>
<td>40.0</td>
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<tr>
<td>33</td>
<td>40.0</td>
</tr>
<tr>
<td>34 +</td>
<td>40.0</td>
</tr>
</tbody>
</table>
Please note that should your age and/or service not fall into the ranges shown above, the Table of Retirement Pension Percentages would be modified as follows:

(i) If you have completed less than 20 years of Credited Service, your pension benefit is calculated from the Table of Retirement Pension Percentages using the percentage factor for 20 years of Credited Service and the appropriate age and then multiplied by a fraction made up of actual Credited Service divided by 20;

(ii) If you are under age 55, your pension benefit is calculated from the Table of Retirement Pension Percentages at age 55 and is then reduced by 6% for each year or partial year that your retirement precedes attainment of age 55.

**Maximum Pension**

In accordance with the Income Tax Act, the annual pension payable at retirement, shall not exceed $1,722 multiplied by the number of years of Credited Service, reduced by 0.25% for each month by which your retirement date precedes the earliest of

(i) The day you will attain age 60;

(ii) The day you would have completed 30 years of Continuous Service; or

(iii) The day that the sum of your age and Continuous Service would have totalled 80.

**Prior Plan Annuities**

Canadian Government Annuity contracts were purchased prior to 1968. These benefits are included in the pension benefits described above.

**HOW ARE PENSION PAYMENTS MADE?**

Your pension will be calculated as soon as possible after your final pay has been processed. Pensions are payable monthly by CIBC Mellon, the custodian of the Plan, beginning on the first of the month coinciding with or next following retirement. Most employees have their pensions paid by direct deposit to their bank account.

**WHAT ARE MY PENSION OPTIONS?**

**Normal Form of Pension**

Under the Plan’s normal form of pension, once you retire, you will receive monthly payments during your lifetime. The benefit will cease to be paid after your death.
Joint and Survivor Form of Pension

If you have a spouse at retirement, you are required by federal legislation to elect a form of pension which provides for pension payments during your lifetime and the lifetime of your spouse. A percentage of your pension (minimum 60%) must continue to be paid to your spouse after your death. The monthly amount of this joint and survivor pension will be lower than the amount of pension payable under the normal form since the pension will likely be payable for a longer time period. The amount of reduction will be dependent upon your age and the age of your spouse at retirement.

Spousal Waiver

Your spouse may waive the right to the mandatory joint and survivor pension described above prior to pension commencement. If your spouse waives this right, you may elect to receive the Normal Form of Pension or an Optional Pension Form.

Optional Pension Forms

Other forms of pension are available and include:

(i) A monthly pension with 60, 120 or 180 guaranteed payments. If you die before you receive the guaranteed number of payments, your beneficiary or estate will receive the remaining payments. If you die after the guaranteed number of payments have been made, your pension payments will cease at the time of your death;

(ii) Joint and survivor form of pension with 100% payable to the spouse on your death. This pension could include guarantees of a certain number of payments; and

(iii) Any other form of pension which meets the requirements of federal legislation.

The monthly amount of pension will be reduced according to the form of pension chosen.

WHAT BENEFITS DO I RECEIVE IF I TERMINATE MY EMPLOYMENT?

If you terminate your employment with the Company before retirement for any reason other than death, you will be entitled to the following:

(i) For Credited Service prior to September 4, 1987

If you have reached your 45th birthday and completed at least 10 years of Continuous Service when you terminate your employment, a deferred pension benefit commencing at age 60, or commencing earlier on a reduced basis (or an unreduced basis provided you are over 55 with 28 years of Continuous Service), equal to the pension you earned in respect of your years of Credited Service before September 4, 1987.

If you have not reached your 45th birthday or if you have not completed at least 10 years of Continuous Service when you terminate your employment, a deferred pension benefit commencing at age 60, or commencing earlier on a reduced basis (or an unreduced basis
provided you are over 55 with 28 years of Continuous Service), equal to the following percentage of a Basic Benefit defined as 1½% of earnings received between December 31, 1967 and September 4, 1987.

<table>
<thead>
<tr>
<th>Termination of Employment</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 years of Continuous Service</td>
<td>0%</td>
</tr>
<tr>
<td>5 years of Continuous Service but less than 10</td>
<td>25%</td>
</tr>
<tr>
<td>10 years of Continuous Service but less than 15</td>
<td>50%</td>
</tr>
<tr>
<td>15 years of Continuous Service or more</td>
<td>100%</td>
</tr>
</tbody>
</table>

(ii) For Credited Service after September 3, 1987

If you have completed at least 2 years of Credited Service in the Plan when you terminate your employment, a deferred pension benefit commencing at age 60, or commencing earlier on a reduced basis (or an unreduced basis provided you are over 55 with 28 years of Continuous Service), equal to the pension you earned in respect of your years of Credited Service after September 3, 1987.

If you have not completed at least 2 years of Credited Service in the Plan when you terminate your employment, you will receive a refund of the contributions you made to the Plan accumulated with interest.

Portability

An employee entitled to a deferred pension can elect not to receive the deferred pension and instead to transfer the value of the deferred pension to a locked in RRSP, an insurance company to purchase a deferred annuity, or another pension plan which permits the transfer. Following the transfer, the employee will not be entitled to any further benefits under the Plan.

WHAT BENEFIT IS AVAILABLE IN THE EVENT OF MY DEATH?

If you die as a result of an accident, or an occupational disease contracted, in the course of your employment prior to termination of service or retirement, your surviving spouse shall be entitled to a monthly pension, subject to any limit prescribed under the Income Tax Act, equal to 25% of your Average Final Pensionable Earnings during the twelve months preceding your date of death. In the event you have no surviving spouse, your minor children, if any, shall receive an equal share of the pension. The amount of this benefit will be reduced by any government benefits (Workers Compensation, Canada Pension Plan, etc.) or damage claims resulting from court action taken at the request of the Company.
If you die of a cause not related to the course of your employment prior to termination of service or retirement, your benefit will be one of (i) or (ii) as follows:

(i) Over Age 55 with 10 Years of Credited Service:

Your surviving spouse will be entitled to a monthly pension equal to 50% of the monthly pension which would have been payable to you assuming you had retired the day prior to your death.

(ii) Under Age 55 with 20 Years of Credited Service:

Your surviving spouse will be entitled to a monthly pension equal to 50% of the monthly pension which would have been payable to you assuming you had retired the day prior to your death and you had attained age 55.

The pension payable in (i) or (ii) above will be reduced on an actuarial basis should your spouse be more than five years younger than you.

Minimum Benefit for Credited Service after September 3, 1987

If, at the time of your death, you have completed two years of Credited Service but are not eligible for early retirement, your spouse will be entitled, as a minimum, to a pension equal to the value of the pension you accrued for Credited Service after September 3, 1987.

If, at the time of your death, you have completed two years of Credited Service and are eligible for early retirement, your spouse will be entitled, as a minimum, to a pension equal to the value of the pension that would have been payable to your spouse for Credited Service after September 3, 1987 if you had retired with the mandatory form of pension (i.e. joint and survivor 60%) the day before your death.

Should you not have a surviving spouse or have less than two years of Credited Service at the time of your death, your beneficiary will be entitled to the contributions you made to the Plan accumulated with interest.

In all cases above, your spouse can choose between a pension and a transfer of its value.

WHAT HAPPENS IF I BECOME DISABLED?

If you become disabled after July 31, 1999 and qualify for benefits under the long term disability program of the Company, you will continue to accrue Credited Service under the Plan without being required to make contributions after December 31, 2003. For the purposes of Average Final Pensionable Earnings calculations, it will be assumed that you are receiving Pensionable Earnings at the same rate that was in effect, as a monthly average, in the twelve months immediately before your period of disability.
WHAT HAPPENS IF I DON’T WORK FULL-TIME?

For an employee employed as an operator, the monthly Pensionable Earnings for a calendar month after December 31, 1991 shall be increased and the Credited Service for a calendar month after December 31, 1991 shall be reduced if the employee’s remuneration for that month is less than a minimum threshold. This threshold amount will change each year, depending on the rate a Class “A” operator is paid per mile driven.

For an employee who is employed on a part-time basis in an occupation other than an operator, the monthly Pensionable Earnings for a calendar month after December 31, 1991 shall be increased and the Credited Service for a calendar month after December 31, 1991 shall be reduced if the hours worked in that month are less than the hours regularly scheduled to be worked by comparable full-time employees of the Company in that calendar month.

WHAT HAPPENS IF I TRANSFER TO A JOB CLASSIFICATION NOT COVERED BY THIS PLAN?

If you transfer to a job classification not covered by this Plan and you remain regularly employed by the Company, you shall no longer be entitled to accrue benefits under this Plan and you will start accruing benefits under the plan applicable to your new job classification. The rights and benefits accrued under this Plan to the date of transfer shall be preserved. Any specific number of years of Continuous Service or Credited Service required to qualify for a benefit under this Plan shall be considered satisfied if your total service from all Greyhound pension plans shall be sufficient to meet such minimum requirement.

Benefits payable under this Plan are to be determined by multiplying:

(i) the benefits that would have been payable under this Plan based on total Credited Service accrued under all Greyhound pension plans

by

(ii) the ratio of Credited Service accrued under this Plan over the total Credited Service accrued under all Greyhound pension plans.

HOW IS THE PLAN ADMINISTERED?

This summary outlines the general provisions of the Plan. The actual provisions of the trust agreement and the Greyhound Western Employees Retirement Income Plan will determine your benefits.

All contributions required to be made to the Plan are deposited in a pension fund established in accordance with the trust agreement. Benefit payments will be made out of the pension fund in accordance with the trust agreement and the Plan.
WILL MEMBERS RECEIVE EVIDENCE OF THEIR MEMBERSHIP IN THE PLAN?

Yes. Each employee receives a copy of this pension summary. As a member of the Plan, each year you will receive a benefit statement showing your benefits accrued under the Plan.

Please check the information shown on the statement and report any discrepancies or updates to the Human Resources Department.

WHAT ELSE SHOULD MEMBERS KNOW?

The Plan is registered under the Income Tax Act (Canada) and the Pension Benefits Standards Act.

The amount of benefits you are entitled to under the Plan shall not exceed the maximum permitted by the Income Tax Act.

Each year that you accrue benefits under the Plan, a Pension Adjustment (PA) will be reported on your T4 to the Canada Customs and Revenue Agency (CCRA). This PA represents the deemed value assigned by CCRA to the pension accrued during the year under the Plan and will be used to reduce your RRSP contribution room in the following year. If you terminate your employment and elect to transfer your accrued benefits outside of the Plan, a Pension Adjustment Reversal (PAR), that will restore RRSP contribution room, will be reported to the CCRA if your termination benefit is less than the total of the PAs reported.

At age 65, you may be entitled to receive benefits from the Canada / Quebec Pension Plan (CPP / QPP). You may commence your CPP / QPP benefits as early as age 60 with a reduction, if you have substantially ceased working. It is best to apply at least six months before you want your pension to begin. You can obtain an application kit from Human Resources Development Canada (HRDC) at 1 800 277-9914 or www.hrdc-drhc.gc.ca/isp.

At age 65, you may also apply to HRDC to receive the Old Age Security (OAS) pension. The OAS pension is a monthly payment available to most Canadians aged 65 or older who meet the residency requirements, even if they are still working.

Pensions received from the Plan, CPP and OAS are taxable income.

You and your spouse, if applicable, must submit proof of age satisfactory to the Company (e.g. birth certificate) approximately three months before you intend to retire.

The Plan is administered by the Human Resources Department located at:

Greyhound Canada Transportation Corp.
877 Greyhound Way SW
Calgary, AB T3C 3V8
Telephone: (403) 260-0877
Fax: (403) 260-0747