

2009 BRITISH COLUMBIA RAILWAY COMPANY COMPENSATION DISCLOSURE

BACKGROUND

In 2009, British Columbia Railway Company's (BCRC) primary mandate was to support and facilitate the British Columbia Ports Strategy and Pacific Gateway Strategy, by providing consulting advice, acquiring and holding railway corridor and strategic port lands, and making related infrastructure investments for the Province.

BCRC is responsible for the management of its long-term lease of the former BC Rail corridor lands and track infrastructure, with CN Rail, and the operating lease with Kinder Morgan for Vancouver Wharves.

BCRC continues to retain ownership of all former BC Rail railway lands and track infrastructure, as well as owning and managing the Port Subdivision, the 24-mile railway line accessing the port terminals at Roberts Bank.

BCRC's subsidiary, BCR Properties Ltd., continues its mandated disposition of all non-railway and non-port related property holdings. BCR Properties Ltd. will also acquire and retain ownership of key lands which support port terminal operations.

In February 2010, the Shareholder announced that shares of BCRC would be transferred to the Ministry of Transportation and Infrastructure on April 1, 2010 and that BCRC would be brought into the government by the end of 2010.

BCRC'S COMPENSATION PLAN

BCRC's Compensation Plan (the "Plan") identified salary ranges that took into account: annual salary progression within the pay scales, employee performance assessments, and individual career planning objectives. The Plan was also used to address retention issues and control salary costs from year to year. BCRC used external professional Human Resources Consultants to analyze comparative markets for benchmarking compensation, benefits, and perquisites for employees and Executives.

The Plan was designed to meet the following key objectives:

Retain Qualified Employees

BCRC established competitive salary ranges based on market data, a competitive benefits package and positive work environment in order to retain qualified employees.

Externally Competitive

As a commercial Crown Corporation, BCRC salary ranges took into consideration the local, provincial and/or national rates of pay in both the private and public sectors. Determination of salary ranges was done through participation in annual salary surveys, analysis of prevailing market pay rates and adjustments within salary ranges as appropriate.

**CORPORATE
MATTERS**
(2318-10)

ON A MOTION duly made,
IT WAS RESOLVED that:

it is verified that Executive compensation paid in 2009 was within the approved Compensation Plan. The Executive Compensation Disclosure report as presented to the Board is approved.

Certificate

Certified to be a true copy of a resolution of the Board of Directors of British Columbia Railway Company, duly passed in accordance with all requisite corporate proceedings and in full force and effect, unamended.



May 14, 2010

Corporate Secretary

Date

Performance Based Pay

An employee's salary progression and incentive plan depended on his/her performance and on BCRC's financial performance and ability to achieve the organization's strategic goals.

In 2007, the Board reviewed the Incentive Plan structure and discontinued the Incentive Program for all positions except Executives and Senior Management. The Executive together with the Board established corporate performance objectives for 2008 and 2009. In 2009, the Board resolved there would be no payments under the Incentive Program for that year.

Internally Equitable

Positions were evaluated based on market (pay) data from salary surveys. The basis for selecting market data was position comparison, determined by comparing the duties and responsibilities of the BCRC position with the best match of the survey positions. They were matched on content, not necessarily title. Several factors were considered to establish and maintain internal pay equity among employees. These factors included applicable work experience, education, appropriate certifications, performance, and consistent application of pay policies and practices.

BCRC'S PENSION PLAN

Effective July 14, 2004, BCRC no longer offers a Pension Plan to its employees. All permanent full time employees (with the exception of the President & CEO) are eligible for an RRSP with employer contributions at a level equivalent to the value of the former BC Rail Ltd. registered pension plan.

The President & CEO received an allowance to replace pension arrangements that were in place at BC Rail Ltd. for the position of CEO prior to July 14, 2004. In this instance, the Board elected to cap the allowance at a level well below what would be equivalent to the value of the former arrangements in place at BC Rail Ltd.

BCRC PAY PHILOSOPHY

The salary range for each position reflected the organization's pay philosophy. BCRC set its competitive target market at the 50th percentile or median of the comparative market. This means that the midpoint of BCRC salary ranges approximated the median of the market.

At the April 2, 2008 BCRC Board of Directors Meeting, the Board reduced the 2008 Executive Incentive Plan target rates and resolved to discontinue the Executive Discretionary Allowance Policy and Lunch Club Membership Policy immediately.

At the May 11, 2009 BCRC Board of Directors Meeting, the Board resolved that no payments would be made under the Incentive Program for 2009.

The Ministry of Transportation and Infrastructure assumes operational and management control of BCRC by year end 2010. Staff offered positions within the Ministry of Transportation and Infrastructure will be compensated within public service guidelines upon employment with the Ministry.

BCRC Executive Compensation Disclosure 2009.xls

Name and Principal Position (a)	Salary (\$) (b)	Retention Bonus (\$) (c)	Incentive Plan Compensation Paid (\$) (d)	RRSP & Pension Allowance (\$) (e)	All Other Compensation (\$) (f)	Previous 3 Years Totals (\$) (g)	
Kevin Mahoney, President & CEO	\$ 275,000	\$ -	\$ 137,500	\$ 123,505	\$ 33,971	2007	\$ 569,976
	\$ 275,000	\$ -	\$ 64,167	\$ 123,505	\$ 31,511	2008	\$ 494,182
	\$ 275,000	\$ -	\$ -	\$ 123,505	\$ 27,597	2009	\$ 426,101
John Lusney, Executive Vice President Real Estate	\$ 169,615	\$ -	\$ 54,000	\$ 15,265	\$ 33,998	2007	\$ 272,879
	\$ 180,000	\$ -	\$ 38,340	\$ 16,200	\$ 34,034	2008	\$ 268,574
	\$ 186,630	\$ -	\$ -	\$ 16,797	\$ 29,406	2009	\$ 232,833
Linda Shute, VP Finance & CFO ⁽¹⁾	\$ 132,973	\$ -	\$ 16,000	\$ 3,323	\$ 7,689	2007	\$ 159,985
	\$ 147,692	\$ -	\$ 28,400	\$ 13,292	\$ 24,027	2008	\$ 213,412
	\$ 6,947	\$ -	\$ -	\$ 295	\$ 10,705	2009	\$ 17,947
Kevin Steinberg, VP Finance & CFO ⁽²⁾	n/a	n/a	n/a	n/a	n/a	2007	n/a
	\$ 45,577	\$ -	\$ -	\$ 4,102	\$ 5,958	2008	\$ 55,637
	\$ 150,769	\$ 50,000	\$ -	\$ 13,569	\$ 15,564	2009	\$ 179,902
Gordon Westlake, VP Operations & Corporate Affairs	\$ 142,211	\$ -	\$ 58,000	\$ 12,799	\$ 28,949	2007	\$ 241,959
	\$ 154,846	\$ -	\$ 33,015	\$ 13,742	\$ 31,396	2008	\$ 232,999
	\$ 160,709	\$ -	\$ -	\$ 14,464	\$ 27,329	2009	\$ 202,502

⁽¹⁾ Consultant January 1 to September 30, 2007 - Hired full-time October 1, 2007. On Maternity Leave November 2008 to November 2009. Returned from maternity leave to position of Controller November 2009.

⁽²⁾ Contract to cover maternity leave November 2008 to November 2009. Hired full-time November 2009.

All other Compensation (f) includes: Car Allowance, Vehicle Operating Expenses, Discretionary Allowance, Memberships, Statutory Deductions, WCB, Severance & Benefits, Extended Health & Dental Benefits, Medical Services Plan Benefits