

COMPENSATION
DISCLOSURE
REPORT
(2380-11)

ON A MOTION duly made,
IT WAS RESOLVED that:

it is verified that Executive compensation paid in 2010/2011 was within the approved Compensation Plan. The 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.



July 19, 2011

Corporate Secretary

Date

2010/2011 BRITISH COLUMBIA RAILWAY COMPANY COMPENSATION DISCLOSURE

BACKGROUND

British Columbia Railway Company (BCRC) is now a wholly-owned subsidiary of the BC Transportation Financing Authority (BCTFA), and has retained its status as a commercial crown. BCRC's primary mandate is to support and facilitate the British Columbia Ports Strategy and Pacific Gateway Strategy, by providing consulting advice, acquiring, holding and managing railway corridor and strategic port lands, and making related infrastructure investments for the Province. Specifically:

- 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 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'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.

On April 1, 2010, the operational control of BCRC was transferred to the Ministry of Transportation and Infrastructure ("MoTI"). BCRC is continuing as a legal entity, with its current legislative authority and existing agreements intact.

BCRC'S COMPENSATION PLAN

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

The Plan is 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 take into consideration the local, provincial and/or national rates of pay in both the private and public sectors. Determination of salary ranges is done through participation in annual salary surveys, analysis of prevailing market pay rates and adjustments within salary ranges as appropriate.

Performance Based Pay

An employee's salary progression and incentive plan depends 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, 2010/11 and 2011/12, the Board resolved there would be no payments under the Incentive Program for those years.

Internally Equitable

Positions are evaluated based on market (pay) data from salary surveys. The basis for selecting market data is position comparison, determined by comparing the duties and responsibilities of the BCRC position with the best match of the survey positions. They are matched on content, not necessarily title. Several factors are considered to establish and maintain internal pay equity among employees. These factors include 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 offered 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.

Prior to termination on March 31, 2010, 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.

BCRC PAY PHILOSOPHY

Established within the Public Sector Compensation Guidelines, the salary ranges within the Plan for each position reflects the organization's pay philosophy. BCRC sets its competitive target market at the 50th percentile or median of the comparative market. This means that the midpoint of BCRC salary ranges approximates the median of the market. There have been no changes to BCRC's approved salary ranges since 2008.

MoTI assumed operational and management control of BCRC in 2010. This resulted in the transfer of real estate and finance staff to MoTI. Real estate and finance staff now holding positions within the MoTI are compensated within public service guidelines.

BCRC Executive Compensation Disclosure 2010 2011.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 ⁽¹⁾	\$ 275,000	\$ -	\$ 64,167	\$ 123,505	\$ 31,511	2008	\$ 494,182
	\$ 275,000	\$ -	\$ -	\$ 123,505	\$ 27,597	2009	\$ 426,101
	\$ 77,212	\$ -	\$ -	\$ 30,876	\$ 415,368	2010	\$ 523,456
John Lusney, Executive Vice President Real Estate ⁽²⁾	\$ 180,000	\$ -	\$ 38,340	\$ 16,200	\$ 34,034	2008	\$ 268,574
	\$ 186,630	\$ -	\$ -	\$ 16,797	\$ 29,406	2009	\$ 232,833
	\$ 52,459	\$ -	\$ -	\$ 4,721	\$ 238,694	2010	\$ 295,874
Linda Shute, VP Finance & CFO ⁽³⁾	\$ 147,692	\$ -	\$ 28,400	\$ 13,292	\$ 24,027	2008	\$ 213,412
	\$ 6,947	\$ -	\$ -	\$ 295	\$ 10,705	2009	\$ 17,947
Kevin Steinberg, VP Finance & CFO ⁽⁴⁾	\$ 45,577	\$ -	\$ -	\$ 4,102	\$ 5,958	2008	\$ 55,637
	\$ 150,769	\$ 50,000	\$ -	\$ 13,569	\$ 15,564	2009	\$ 229,902
	\$ 160,000	\$ -	\$ -	\$ 14,400	\$ 29,419	2010	\$ 203,819
	\$ 43,077	\$ -	\$ -	\$ 3,877	\$ 9,888	Jan-Mar 2011	\$ 56,842
Gordon Westlake, VP Operations & Corporate Affairs	\$ 154,846	\$ -	\$ 33,015	\$ 13,742	\$ 31,396	2008	\$ 232,999
	\$ 160,709	\$ -	\$ -	\$ 14,464	\$ 27,329	2009	\$ 202,502
	\$ 160,890	\$ -	\$ -	\$ 14,480	\$ 36,327	2010	\$ 211,697
	\$ 43,317	\$ -	\$ -	\$ 3,899	\$ 10,094	Jan-Mar 2011	\$ 57,310

Fiscal year end for BCRC changed from December 31 to March 31 in 2010 - Future reporting will be for the period April 1 to March 31

⁽¹⁾ Terminated March 31, 2010 - Column (f) includes \$392,333 severance and \$11,899 unused vacation paid

⁽²⁾ Terminated March 31, 2010 - Column (f) includes \$203,033 severance and \$23,355 unused vacation paid

⁽³⁾ On Maternity Leave November 2008 to November 2009. Returned from maternity leave and assumed position of Controller November 2009.

⁽⁴⁾ 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, Statutory Deductions, WCB, Severance & Benefits, Extended Health & Dental Benefits, Medical Services Plan Benefits, Discretionary Allowance (terminated in 2008), Memberships (terminated in 2010)