

BRITISH COLUMBIA RAILWAY COMPANY EXECUTIVE COMPENSATION DISCLOSURE

BACKGROUND

British Columbia Railway Company's (BCRC) primary mandate is 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 will continue to retain ownership of all former BC Rail railway lands and track infrastructure, as well as BCR Port Subdivision Ltd. which manages the 24-mile railway line accessing the port terminals at Roberts Bank. BCR Properties Ltd. will also acquire and retain ownership of key lands which support port terminal operations.

BCRC's subsidiary, BCR Properties Ltd., continues its mandated disposition of all non-railway and non-port related property holdings.

BCRC'S COMPENSATION PLAN

BCRC's existing Compensation Plan (the "Plan") provides flexibility for BCRC to address changing market conditions and provides sufficient room to develop salary ranges that can 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 recruitment/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:

Attract and Retain Qualified Employees

BCRC has established competitive salary ranges based on market data in order to attract and retain qualified employees. Competitive salary ranges balanced with a competitive benefits package, and positive work environment combine to make BCRC a desirable place to work.

Externally Competitive

BCRC salary ranges take into consideration the local, provincial and/or national rates of pay in both the private and public sectors. To maintain competitive salary ranges we participate in annual salary surveys, analyze prevailing market pay rates and adjust 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 addition, the use of non-monetary rewards is sometimes used to provide additional recognition for good performance.

In 2007 and 2008, the Board reviewed the Incentive Plan structure and discontinued the Incentive Program for all positions except Executives and Senior Management. The primary reason for this decision was that with BCRC's evolving mandate, it had become increasingly difficult to establish meaningful and measurable performance targets upon which bonus eligibility could be determined.

The Executive together with the Board established corporate performance objectives for 2008/2009.

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 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 receives 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 reflects the organization's pay philosophy. BCRC has set its competitive target market at the 50th percentile or median of the comparative market. This means that the midpoint of BCRC salary ranges will approximate the median of the market.

At the April 2, 2008 BCRC Board of Directors Meeting, the Board resolved to discontinue the following Executive Policies effective immediately:

- Discretionary Allowance
- Lunch Club Membership Policy
- Golf Membership Policy

Furthermore, the Board reduced the 2008 Executive Incentive Plan target rates as follows:

- President & CEO – reduced from 50% to 35%
- President, BCR Properties Ltd. – reduced from 30% to 25%
- Vice President Finance & CFO – reduced from 30% to 25%
- Vice President Operations & Corporate Affairs – reduced from 30% to 25%

BCRC Executive Compensation Disclosure 2008.xls

Name and Principal Position (a)	Salary (\$) (b)	Incentive Plan Compensation Paid (\$) (d)	RRSP & Pension Allowance (\$) (e)	All Other Compensation (\$) (f)	Previous 2 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
John Lusney, President BCR Properties	\$ 169,615	\$ 54,000	\$ 15,265	\$ 33,998	2007	\$ 272,879
	\$ 180,000	\$ 38,340	\$ 16,200	\$ 34,034	2008	\$ 268,574
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
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

⁽¹⁾ Consultant January 1 to September 30, 2007 - Hired full-time October 1, 2007. On Maternity Leave November 2008 to 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