



Elk Valley Coal Corporation

SUMMARY OF TOTAL REWARDS ENHANCEMENTS - 2008

Confidential

For review with Union Executive(s)



Programs

Compensation

- Profit Sharing Plan for all permanent employees.
- Base Wage increase of 5% effective July 1, 2008 for all employees.
- Increased targets for annual incentive plans for all eligible employees.
- Increased grants for the trades retention program and expansion in eligibility for all operations.

Family & Benefits

- Implementation of a drug card for all permanent employees.
- Implementation of a lifestyle account for all permanent employees.
- Increases to the scholarship award program.



Profit Sharing Plan

The profit sharing plan is a complement to the existing Hourly annual incentive plan. Eligible employees include all permanent Hourly employees. The intent of the Profit Share Plan is to further enhance the belief that each employee can contribute to the performance of EVCC in the global marketplace and share in the success of the organization.

- This plan is in addition to the existing Incentive plan already in place.
- The new margin-based profit sharing plan would be implemented for all permanent employees, retroactive to October 1, 2007.
- The plan will have a maximum payout of 25% of an employee's actual base earning during the plans performance period.
 - Based on margin per tonne of coal sales across the entire company.
 - The plan begins to payout at a \$25 dollar margin per tonne. Payout at this level is 3%.
 - At a \$200 margin per tonne the 25% maximum payout is achieved.
- $\text{Margin per tonne} = (\text{revenue} - \text{cost of sales and transportation}) / \text{sales}$
- The 12 month performance period for the plan will run from October 1st to September 30th.
- Payment will occur in Q4 of every year. To be eligible, you must be an employee on the date the payment occurs.
- The first payment under the profit sharing plan will be in October of this year.
- It is anticipated that the plan will payout approximately 10% for the performance period.
 - Payout is the result of the mix of the low margin per tonne for the first 6 months at 2007 coal year prices, and the much higher margin per tonne for the first 6 months of 2008 coal year pricing.



5% Wage Increase

- Effective July 1, 2008 all hourly employees would receive a 5% increase to their base Wage.
- Increases would be processed in September 2008, retroactive to July 1, 2008.
- Retroactive payments will be calculated and paid through regular payroll deposit.
- Employees will need to be employed at the date on which the increase is paid in order to receive it.
- Employees who retired between July 1, 2008 and the date which the increase is paid will receive the retroactive payment through direct deposit.



Incentive Plans: Target Adjustment

- Effective January 1, 2008 target levels would be increased for all hourly employees.
- Employees hired in 2008 would receive a pro-rated pay-out based on eligible service in the year, if applicable
- Hourly Employees incentive plan would increase to a target of 7% with a maximum of 14%.



Applies to: Hourly Trades

Enhancement to Trades Retention Program

Currently EVCC has a Trades Retention Program offered at two operations (Fording River and Greenhills). The points below outline the expansion of the program to the remaining sites. Highlights of the proposal are:

- The desired intent is to roll-out this program at all operations
- Increase the 2008, 2009 and 2010 grants from \$3600 to \$6000.
- Similar to the current plan in place, the last grant of the Trades Retention Program will be in 2010.
- The increase in grants will apply on a go forward basis, starting in 2009.
- In 2010 a review of the plan and company performance will determine continuation in future years.
- The enhancement of this program is subject to agreement by individual unions.

Legend									
	Grant								
	Payment								
Year	2006	2007	2008	2009	2010	2011	2012	2013	
	-	-	\$6,000	\$2,000	\$2,000	\$2,000			
				\$6,000	\$2,000	\$2,000	\$2,000		
					\$6,000	\$2,000	\$2,000	\$2,000	
								\$2,000	



Prescription Drug Card

To alleviate employees having to carry the total upfront cost of covered medications, the company is introducing a drug card. The Prescription Drug Card allows the pharmacy to direct bill Manulife. The card will be provided to all employees for every group, including retirees eligible for post-retirement extended health benefits.

Employees will still be required to pay deductibles, subject to the terms of their respective Extended Health Plans. As part of the implementation of the prescription drug card program the Company will require that generic drug versions are substituted for brand name drugs where possible.

The Prescription Drug Card will reduce the administrative effort on behalf of employees seeking reimbursement for prescription drug purchases cut down on the paperwork required to coordinate benefits between two plans if the spouse's plan also uses a prescription drug card.



Lifestyle & Wellness Account

The goal of the Lifestyle & Wellness Account is to assist employees and their families in enjoying a healthy lifestyle and staying physically active. Through direct reimbursement, each permanent employee can receive up to \$1000 per employee, per year to help offset the costs of participating in the many activities available in our communities and surrounding areas.

The account can be applied to a variety of company approved fitness and wellness activities including recreation, fitness programs, and gym memberships, etc. Additional details about this program will be rolled out to employees prior to the end of September.

- The value of the account will be **\$1,000 per year per employee, retroactive to January 1, 2008.**
- Program details will be distributed in **September.**
- Program rollout will be **the fall of 2008.**

The lifestyle and wellness account will be an important element of further health and wellness programs that the Company is working towards.



Scholarship Awards

In response to increasing costs of post-secondary education the Company is increasing the award levels for its scholarship program. Starting in the 2008/2009 academic year, awards will be increased by 100%. The eligibility requirements to qualify for a reward remain the same. There is also no change to the application process.

The chart below outlines the eligibility requirements for each reward level:

Four Year Degree Programs		Diploma or Certificate Programs	
Academic Average of 80% or greater	Increased from \$1000 to \$2000	Academic Average of 80% or greater	Increased from \$500 to \$1000
Academic Average of 65% to 70%	Increased from \$600 to \$1200	Academic Average of 65% to 70%	Increased from \$300 to \$600