

ELK VALLEY COAL CORPORATION

PENSION PLAN AGREEMENT

THIS Agreement made the ____ day of _____, 20__ effective the 1st day of May, 2006.

BETWEEN:

ELK VALLEY COAL CORPORATION

(hereinafter called “the **Company**”)

OF THE FIRST PART

AND:

UNITED STEELWORKERS, LOCAL 7884

(hereinafter called “the **Union**”) representing certain employees of Elk Valley Coal Corporation at the Elk Valley Coal Corporation Operations in the Fording River Valley, approximately 29 kilometres north of Elkford, B.C.

OF THE SECOND PART

Article 1 - Definitions

In this Pension Plan Agreement, the following definitions have the following meanings:

Agreement means this Pension Plan Agreement, which shall be known as the “Elk Valley Coal – Union Pension Plan Agreement, 2006.

Commuted Value means the minimum transfer value as prescribed by the PBSA and the Standards of Practice of the Canadian Institute of Actuaries.

Company means:

- (a) in respect of time periods on or after January 1, 2004, Elk Valley Coal Corporation;
- (b) in respect of time periods on or after February 28, 2003 and prior to January 1, 2004, Fording Inc.; and
- (c) in respect of time periods before February 28, 2003, Fording Coal Limited.

Company Service has the meaning stated in Section 10.04.

Credited Service has the meaning stated in Section 10.01.

Employee has the meaning stated in Article 2.

Fund has the meaning stated in Section 6.02.

Future Service means Credited Service occurring on and after May 1, 2006.

Income Tax Act means the *Income Tax Act* (Canada).

Joint Committee means the committee established under Article 5.

Locked-In Registered Retirement Savings Plan means a registered retirement savings plan whose terms and conditions are restricted pursuant to the PBSA.

Past Service means Credited Service occurring prior to May 1, 2006.

PBSA means the Pension Benefits Standards Act (British Columbia).

Plan means the Elk Valley Coal Corporation Pension Plan for Union Employees into which this Agreement and all Prior Agreements are incorporated by section 1.01 of that Plan, as filed with the British Columbia Superintendent of Pensions and the Canada Revenue Agency.

Prior Agreement means any Pension Plan Agreement between the Union and the Company that was in force before the effective date of this Agreement.

Spouse means, in relation to another person,

- (a) a person who at the relevant time was married to that other person and who, if living separate and apart from that other person at the relevant time, did not live separate and apart from the other person for longer than the 2 year period immediately preceding the relevant time, or
- (b) if paragraph (a) does not apply, a person who was living or cohabiting with that other person in a marriage-like relationship, including a marriage-like relationship between persons of the same gender, and who had been living and cohabiting in that relationship for a period of at least 2 years immediately preceding the relevant time.

The relevant time for the purposes of Section 12.05 is the date the Employee dies. The relevant time for the purposes of Section 12.06 is the date the Employee or former Employee commences his pension.

Article 2 - Employees Covered by the Agreement

2.01.

This Agreement shall apply to and be binding upon all hourly-rated employees of the Company governed by the general collective agreement between the parties (hereinafter referred to as “**Employees**”) and defined therein as all employees in the employ of the Company at the operations of Elk Valley Coal Corporation in the Fording River Valley approximately 29 kilometres north of Elkford, British Columbia, except: persons employed in a confidential capacity; persons excluded by the Labour Code of British Columbia; all supervisors; office, clerical and technical staff; salaried technicians; gatemen; security guards; cookhouse and cafeteria employees.

Article 3 - Term

3.01.

This Agreement shall be effective on the 1st day of May, 2006 and shall terminate on the 30th day of April, 2011.

Article 4 - Previous Agreement

4.01.

It is hereby confirmed that the Prior Agreement between the Company and the Union dated February 2, 1997, as amended by Interim Amendments One, Two and Three dated November 27, 2001, April 15, 2004 and April 15, 2004 shall not apply to Employees who terminate employment with the Company after April 30, 2006.

4.02.

Benefits granted under a Prior Agreement to Employees who terminated employment with the Company while that Prior Agreement was in effect shall be provided in accordance with the terms of that Prior Agreement.

Article 5 - Administration of the Plan

5.01.

There shall be established a committee, called the “**Joint Committee**”, comprised of five members, three appointed by the Company, one of whom shall act as Chairman of the Committee, and two appointed by the Union. The Company and the Union shall each appoint alternates for their respective members. In the event a member of the Joint Committee is absent from a meeting of the Joint Committee, an alternate shall attend and when in attendance shall exercise the duties of a Committee member. Either the Company or the Union at any time may remove a member or alternate appointed by it and shall appoint a member or alternate to fill any vacancy among members or alternates appointed by it.

5.02.

The Joint Committee shall meet, at the call of the Chairman or his alternate after due notice to all members, at such times and for such periods for the transaction of such business as may be determined by the Joint Committee. The Chairman or his alternate shall call a meeting if requested to do so in writing by a Union Committee Member.

5.03.

To constitute a quorum for the transaction of business, the presence of two of the members appointed by the Company and two of the members appointed by the Union shall be required. At all of its meetings the member or members present appointed by the Company shall have in aggregate a total of one vote to be cast on behalf of the Company, and the member or members present appointed by the Union shall have in the aggregate a total of one vote to be cast on behalf of the Union. The Chairman shall vote only in case of failure of the Company and the Union by vote through their representatives on the Joint Committee to agree upon any matter which is before the Joint Committee.

5.04.

The compensation and expenses of the Company members and the Union members of the Joint Committee incurred in the conduct of duties pertaining to the administration of the Plan, and are agreed by a majority of the Joint Committee as reasonable and necessary, shall be paid from the assets of the Fund.

5.05.

The Joint Committee shall have no power to add to or subtract from or modify any of the terms of the Plan, nor to change any benefit provided under this Agreement or any Prior Agreement,

nor to waive or to fail to comply with any requirements of eligibility provided for benefits under this Agreement or any Prior Agreement. The Joint Committee, however, shall determine the procedures necessary to implement the terms and benefits set out in this Agreement or any Prior Agreement and any modifications to these procedures.

5.06.

Where it is necessary to determine the age, service, earnings, marital status, identity, existence, death or residence of any person or other matters relevant to the administration of this Agreement or a Prior Agreement for the purposes of this Agreement or Prior Agreement, the same shall be determined by the Joint Committee, relying on such information in that respect as is furnished by the Company and such further evidence as may be required.

5.07.

The Joint Committee shall issue written authorization for payment of benefits under this Agreement or a Prior Agreement and no benefits shall be paid unless so authorized.

5.08.

Neither the Joint Committee nor any of its members, nor the Union or any officer or other representative of the Union, nor the Company or any officer or other representative of the Company shall have any liability to an Employee or surviving Spouse of an Employee or to a pensioner or surviving Spouse of a pensioner or to any other person because of any act or failure to act on the part of the Joint Committee or any of its members.

5.09.

The Joint Committee shall furnish to the Company and the Union as soon as reasonably may be done after the end of each calendar year during the life of this Agreement, a written report of its activities during that year. As soon as reasonable may be done after the termination of this Agreement, the Joint Committee shall furnish a written report setting out its activities since the submission of its last previous report, including a statement of benefits authorized by the Joint Committee under this Agreement and any Prior Agreement during the period of this Agreement.

Article 6 - Cost and Funding of Benefits

6.01.

The full cost of the benefits herein described will be borne by the Company.

6.02.

All Company contributions to the pension fund established for the Plan (hereinafter called the “**Fund**”) shall be in the amounts and made at the times required by the PBSA, shall be eligible contributions under the Income Tax Act and shall not exceed the maximum amount that is permitted under the Income Tax Act. Subject to the PBSA, any contribution by the Company

that would result in the revocation of the registration of the Plan under the Income Tax Act shall be returned to the Company.

6.03.

If at any time while the Plan continues in existence, the Plan's actuary certifies that the assets of the Fund exceed the actuarial liabilities of the Plan in respect of benefits defined in the Plan, such surplus assets, or any portion of such assets, and all other relevant factors may be taken into account by the actuary in determining whether any contributions to the Plan are required by the Company and to determine the amount the Company must contribute to the Fund. Without limiting the discretion the Plan's actuary has under the preceding sentence, if the Plan's surplus assets exceed the amount permitted under the Income Tax Act, such surplus assets or such portions as may be required under the Income Tax Act must be used by the Company to reduce its contributions to the Plan. Further, no contribution holiday shall cause the amount of surplus assets in the Plan to be reduced to less than the minimum amount required under the PBSA to be retained in the Fund.

6.04.

From the date on which the Company contributions become due and owing to the Fund until the date they are actually remitted to the fundholder, such contributions shall be held separate and apart from the Company's own assets, and shall be deemed to be held in trust by the Company as though they formed part of the Fund.

6.05.

If the Company fails to remit to the Fund contributions determined in accordance with this Article 6 within ninety (90) days of the end of the quarter for which such contributions are payable, the fundholder shall notify the Superintendent of Pensions of the Company's failure to remit such contributions. Such notice shall be in writing and shall be provided to the Superintendent of Pensions within thirty (30) days of the end of the ninety (90) day period, whether or not the Company remits such contributions after the end of the ninety (90) day period.

6.06.

The Fund shall be held in the name of the Plan or in the name of a custodian or trustee in accordance with a custodial agreement or trust agreement that clearly indicates that the investments are held for the benefit of the Plan.

6.07.

The assets of the Fund shall be invested in accordance with the terms of the agreement with the fundholder, the Income Tax Act, the PBSA and the best financial interests of the persons entitled to benefits under the Plan. The Fund must be invested in the manner that a reasonable and prudent person would apply in respect of a portfolio of investments made on behalf of another person to whom there is owed a fiduciary duty to make investments without undue risk of loss and with a reasonable expectation of a return on investments commensurate with the risk.

Article 7 - No Obligation Until Plan Accepted

7.01.

There shall be no obligation whatsoever on the Company under this Agreement unless and until the Plan as amended by the addition of this Agreement is accepted and only so long as the Plan, as amended, continues to be accepted by the Minister of National Revenue so as to enable the Company to deduct all contributions to the Fund from its income for income tax purposes in accordance with the Income Tax Act. If the Plan, as amended, is not accepted, the Company and Union shall forthwith agree on the changes necessary to this Agreement to make the Plan, as amended, acceptable.

Article 8 - Exclusions Under the Labour Relations Code

8.01.

It is also specifically agreed, in accordance with subsection (4) of Section 50 of the Labour Relations Code, that the operation of subsections (2) and (3) of Section 50 are hereby excluded and shall not be applicable to this Agreement.

Article 9 - Settlement of Differences Under the Plan

9.01.

All differences between the persons bound by or subject to this Agreement or any Prior Agreement concerning the interpretation, application, operation or any violation of this Agreement or any Prior Agreement shall be settled, finally and conclusively by the decision of the Joint Committee.

Article 10 – Credited and Company Service

10.01.

Credited Service of an Employee means the total of the following periods on the Company rolls as an Employee except any such periods after the year in which the Employee had reached 69 years of age:

- (a) time spent actually working for the Company (including the predecessors of the Company);
- (b) time spent on the sickness and accident plan and/or the long term disability plan provided in a general collective agreement between the parties;
- (c) time spent on Workers' Compensation Board benefits arising out of or in the course of his employment with the Company;

- (d) time spent on selected approved leaves of absence which shall include leaves for Union purposes. Selected approved leaves of absence shall be officially designated in writing for this purpose by the Company's Manager, Fording Operations.

10.02.

Where a person ceases to be an Employee as defined in this Agreement by reason of his transfer within the Company, his continued accrual of Credited Service shall cease, and his benefit shall be determined as at the date of his transfer and such benefit shall be held for him until such time as he ceases to be employed by the Company or the Plan is wholly terminated.

10.03.

In the event a person who ceased to be an Employee as defined in this Agreement by reason of his transfer within the Company subsequently becomes an Employee, as defined in this Agreement or a subsequent pension plan agreement between the Company and the Union, his benefits accrued during the period of his previous employment as an Employee under this Agreement or a Prior Agreement shall be recalculated on the date of his retirement, on termination of the Plan, on his termination of employment or death, or on his again ceasing to be an Employee as defined in this Agreement or subsequent pension plan agreement by reason of his transfer within the Company, to reflect the current benefit level at that date, subject to certification, as required, at the time of his becoming an Employee again, of any applicable past service pension adjustment in accordance with the Income Tax Act.

10.04.

Company Service of an Employee means the Employee's Credited Service recognized under Section 10.01 as well as all periods during which he was employed by the Company but was not an Employee as defined in this Agreement, as well as all periods after 1987 of up to 26 consecutive weeks during which he is not actively doing work or providing a service for the Company for remuneration provided that he was doing work or providing service to the Company immediately prior to and following such period and provided that the employment with the Company is not actually severed during such period.

10.05.

Notwithstanding Section 10.04, Company Service for eligible periods of temporary absence after 1991, as defined in the Income Tax Act, will not exceed a maximum full-time equivalent of 8 years in aggregate provided that no more than 5 of those 8 years are credited in respect of absences that are not within the twelve month period following the birth or adoption of a child of an Employee.

Article 11 – Amount of Benefits

11.01.

Past Service Benefit: Effective May 1, 2006, a monthly amount equal to \$57.25 multiplied by years of Past Service. Effective May 1, 2007, such amount shall be \$59.25 multiplied by years of

Past Service. Effective May 1, 2008, such amount shall be \$60.75 multiplied by years of Past Service. Effective May 1, 2009, such amount shall be \$62.25 multiplied by years of Past Service. Effective May 1, 2010, such amount shall be \$63.75 multiplied by years of Past Service.

11.02.

Future Service Benefit: Effective May 1, 2006, a monthly amount equal to \$57.25 multiplied by years of Future Service. Effective May 1, 2007, such amount shall be \$59.25 multiplied by years of Future Service. Effective May 1, 2008, such amount shall be \$60.75 multiplied by years of Future Service. Effective May 1, 2009, such amount shall be \$62.25 multiplied by years of Future Service. Effective May 1, 2010, such amount shall be \$63.75 multiplied by years of Future Service.

11.03.

Early Retirement Benefit: A monthly amount equal to \$21.00 multiplied by the lesser of 30 years and years of Credited Service. This benefit shall be paid provided the Employee retires under this Agreement and shall cease following the month in which the Employee reaches the age of 65.

11.04.

Benefit Adjustments: All benefits realized under Sections 11.01 and 11.02, subject to Section 11.04, which are payable to an Employee who has retired on or after May 1, 2006 pursuant to any of Sections 12.01, 12.02, 12.03 or 12.04 shall be adjusted as follows:

- (a) the adjustment shall be calculated based upon the annual increase, from September to September, in the Consumer Price Index for all items, for the most recent base year as published by Statistics Canada;
- (b) the adjustment shall be calculated based upon seventy-five percent (75%) of the annual increase which has occurred over that twelve month period, which resulting calculated adjustment shall not exceed three percent (3%); and
- (c) the adjustment shall be calculated only on the first fifteen hundred dollars (\$1,500) of monthly pension (increased to first eighteen hundred dollars (\$1,800) if the Employee who has retired has reached age 65 as of the adjustment date) determined under Sections 11.01 and 11.02.

The adjustment calculated as above, if any, shall take effect each January 1 following the date that is three (3) years after the Employee's retirement under this Agreement.

Article 12 - Benefit Eligibility Requirements

12.01.

Normal Retirement: An Employee retiring after reaching 65 years of age will be entitled to full Past Service Benefits and full Future Service Benefits. An Employee who is still employed by

the Company as of November 30th of the calendar year in which he reaches the age of 69 years will be deemed for all purposes of this Agreement to have terminated employment with the Company and retired on that date.

12.02.

Unreduced Early Retirement: An Employee retiring after reaching 55 years of age with at least 30 years of Company Service and whose years of age and Company Service total at least 88 will also be entitled to full Past Service Benefits and full Future Service Benefits, plus Early Retirement Benefits.

12.03.

Reduced Early Retirement: An Employee retiring after reaching 55 years of age with at least 20 years of Company Service will be entitled to reduced Past Service Benefits, reduced Future Service Benefits and reduced Early Retirement Benefits.

The reduction in each of these benefits will be one-half of 1% for each month from the month of retirement until the earliest month in which the Employee could have retired with unreduced benefits under Sections 12.01 and 12.02 above, if he had remained an active Employee, provided that in no event shall the benefit determined under this Section 12.03 be less than the benefit determined under Section 12.04 as if the Employee had not completed 20 years of Company Service.

12.04.

Statutory Early Retirement: An Employee retiring after reaching 55 years of age with at least 2 years of continuous plan membership (as defined in the PBSA) but less than 20 years of Company Service will be entitled to reduced Past Service Benefits and reduced Future Service Benefits. The reduction in each of these benefits will be in the amount necessary so that the Commuted Value of the reduced benefits equals the Commuted Value of the unreduced benefits (determined in accordance with the benefit levels then in effect under Sections 11.01 and 11.02) had they commenced payment when the Employee reached 65 years of age, provided further that in no event will the reduced benefits payable pursuant to this Section 12.04 be reduced by less than the minimum reduction required by Section 8503(3) of the regulations under the Income Tax Act.

12.05.

Pre-Retirement Spouse Protection

- (a) If an Employee dies after April 30, 2006 prior to retirement with at least 20 years of Company Service or with an age plus Company Service total of 80 or more the Spouse of such an Employee, if she survives the Employee, will be entitled to the greater of:
 - (i) one-half of the Employee's Past Service Benefits and one-half of the Employee's Future Service Benefits calculated as if he were 65 years of age at his date of death but based on his Credited Service at the date of death; and

- (ii) a monthly amount of pension, the Commuted Value of which equals 60% of the Commuted Value of the Past Service Benefits and Future Service Benefits to which the Employee would have been entitled had he terminated service with the Company on his date of death;
- (b) If an Employee dies after April 30, 2006 prior to retirement with at least 2 years of continuous plan membership (as defined in the PBSA) but less than 20 years of Company Service and whose age plus Company Service totals less than 80 the Spouse of such an Employee, if she survives the Employee, will be entitled to a monthly amount of pension, the Commuted Value of which equals 60% of the Commuted Value of the Past Service Benefits and Future Service Benefits to which the Employee would have been entitled in respect of his Credited Service had he terminated service with the Company on his date of death,
- (c) Despite paragraphs (a) and (b), if an Employee dies after April 30, 2006 prior to retirement and having reached age 55 the monthly pension payable to his Spouse pursuant to paragraph (a) or (b), whichever is applicable, must be no less than the monthly pension that would have been payable to that Spouse pursuant to paragraph 12.06(a) had the Employee retired on his date of death pursuant to Section 12.01, 12.02, 12.03 or 12.04, whichever would have been applicable on his date of death.
- (d) If a former Employee entitled to benefits under Section 12.07 or 12.08 which have not commenced payment dies after April 30, 2006, his Spouse, if she survives the Employee, will be entitled to a monthly amount of pension, the Commuted Value of which equals 60% of the Past Service Benefits and Future Service Benefits to which the former Employee was entitled in respect of his Credited Service for time periods after 1992.
- (e) If after April 30, 2006 an Employee dies prior to retirement with at least 2 years of continuous plan membership (as defined in the PBSA), or a former Employee entitled to benefits under Section 12.07 or 12.08 dies before commencing these benefits, at a time when the Employee or former Employee does not have a Spouse, a lump sum payment equal to 60% of the Commuted Value of the Past Service Benefits and Future Service Benefits to which the deceased would have been entitled in respect of his Credited Service for time periods after 1992 had he terminated service with the Company on his date of death (if he had not already done so) shall be paid to the deceased's designated beneficiary, or, if there is no valid designation of beneficiary, to the personal representative of the estate of the deceased in his representative capacity.
- (f) A Spouse entitled to benefits under this Section 12.05 may transfer the Commuted Value of her benefits in accordance with Section 12.10.
- (g) A Spouse may, in accordance with the PBSA, waive her entitlement to benefits under this Section 12.05, in which event benefits under this Agreement shall be calculated as if the Employee or former Employee did not have a Spouse.

12.06.

Post-Retirement Spouse Protection:

- (a) The Spouse of an Employee who retires pursuant to any of Sections 12.01, 12.02, 12.03 or 12.04 and becomes a retiree on or after May 1, 2006 will, upon the death of the retiree, be entitled to 66 2/3% of the deceased's Past Service Benefits and 66 2/3% of the deceased's Future Service Benefits.
- (b) The Spouse of a former Employee who has commenced to receive benefits under Section 12.07 or 12.08 will, upon the death of the former Employee, be entitled to 60% of the deceased's Past Service Benefits and 60% of the deceased's Future Service Benefits, provided that notwithstanding any other provision of this Agreement the Past Service Benefits and Future Service Benefits payable to a former Employee who has a Spouse when such benefits commence payment will be actuarially reduced so that as of the date the benefits commence payment under Section 12.07 or 12.08 the actuarial present value of the benefits payable during the former Employee's lifetime and his Spouse's lifetime equals the actuarial present value of the benefits which would have been payable had the former Employee not had a Spouse when his benefits commenced payment under Section 12.07 or 12.08.
- (c) A Spouse may in accordance with the PBSA waive her entitlement to benefits under paragraph (a) or (b), in which event benefits under this Agreement shall be paid as if the retiree or former Employee did not have a Spouse.
- (d) Despite paragraphs (a) and (b), and pursuant to Section 35(6) of the PBSA, if when a retiree or former Employee commences payment of his pension that pension has been divided with his Spouse or former Spouse pursuant to the terms of a written agreement or judgement of a competent tribunal pertaining to matrimonial property rights enforceable in a court in British Columbia, that Spouse or former Spouse will be deemed for all purposes of this Plan not to be or have been his Spouse, and no pension or other benefit will be payable to her upon his death.

12.07.

Deferred Vested Retirement (30 Years of Company Service): If an Employee, who has at least thirty (30) years of Company Service, terminates service with the Company on or after May 1, 2006 and before reaching age 55, such Employee shall be entitled to full Past Service Benefits, full Future Service Benefits and full Early Retirement Benefits (each calculated in accordance with the terms of Sections 11.01, 11.02 and 11.03 in effect on the day the employee ceases to be an Employee) commencing when he has reached age 55 and the sum of his age and Company Service totals at least 88.

12.08.

Deferred Vested Retirement (Less than 30 Years of Company Service): If an Employee, who has at least two (2) years of continuous plan membership (as defined in the PBSA) but less than thirty (30) years of Company Service, terminates service with the Company on or after May 1,

2006 and before reaching age 55, such Employee shall be entitled to full Past Service Benefits and full Future Service Benefits (each calculated in accordance with the terms of Sections 11.01 and 11.02 in effect on the day the Employee ceases to be employed by the Company) commencing when he reaches age 65.

12.09.

Statutory Early Commencement of Deferred Vested Pension: A former Employee entitled to benefits under Section 12.07 or 12.08 can commence the payment of such benefits on a reduced basis any time between the date the former employee reaches age 55 and the date the former Employee's benefits would commence under Section 12.07 or 12.08, as the case may be. The reduction in each of these benefits will be in the amount necessary so that the Commuted Value of the reduced benefits equals the Commuted Value of the unreduced benefits (calculated as aforesaid) had they commenced payment on the date specified in Section 12.07 or 12.08, as the case may be, provided further that in no event will the reduced benefits payable pursuant to this Section 12.09 be reduced by less than the minimum reduction required by Section 8503(3) of the regulations under the Income Tax Act.

12.10.

Options on Settlement: A former Employee who is entitled to benefits under Section 12.07 or 12.08, or a Spouse who is entitled to benefits under Section 12.05, may elect to receive the Commuted Value of those benefits as:

- (a) a transfer to a Locked-In Registered Retirement Savings Plan in the name of the former Employee or Spouse;
- (b) a transfer to a life insurance company to purchase a deferred life annuity which will commence prior to the date the former Employee or Spouse reaches age 69; or
- (c) a transfer to another pension plan, if and to the extent that the other plan permits the transfer, on the condition that the eventual payment from the other plan be made only in the form of a pension permitted by the PBSA,

provided such transfers are under terms and conditions as prescribed under the PBSA and the Income Tax Act.

A former Employee or Spouse eligible to make an election under this Section must advise the Company of his or her election no later than six (6) months following his ceasing to be employed by the Company, or the death of the Employee or former Employee through which the Spouse derives her interest, or such later date as is allowed under the PBSA. Should he or she fail to do so, the Company may select option (b) on his or her behalf.

If an individual elects a transfer under this Section 12.10, such transfer shall take place within sixty (60) days of the individual filing all the relevant documents required to authorize the transfer.

12.11.

Income Tax Act Limits

- (a) Notwithstanding any other provision of this Plan, all benefits payable under the Plan, in combination with any benefits payable to a retiree or former Employee under another registered pension plan of the Company, shall be subject to the limitations set out in this Section 12.11.
- (b) The annual amount of Past Service Benefits and Future Service Benefits payable to a retiree or former Employee at the earliest of pension commencement, termination of employment or termination of the Plan, in respect of his Credited Service for time periods before 1992, shall not exceed the lesser of:
- (i) \$2,111.11, or such greater amount as is permitted by the Income Tax Act; and
 - (ii) 2% of the average of the retiree's or former Employee's best three consecutive years of remuneration, as defined in the Income Tax Act

multiplied by the retiree's or former employee's pensionable service, as defined in the Income Tax Act, to a maximum of 35 years.

- (c) The Commuted Value of the Past Service Benefits and Future Service Benefits which commence payment to a retiree or former Employee before he reaches age 65 in respect of his Credited Service for time periods before 1992 shall not exceed the Commuted Value of the maximum pension described in paragraph (b) payable at age 60 in the form of a single life annuity guaranteed for 120 months.
- (d) The annual amount of Past Service Benefits and Future Service Benefits payable to a retiree or former Employee in respect of his Credited Service for time periods after 1991, including a pension payable to a spouse or former spouse of a retiree or former Employee under Section 15.03, determined at the time of pension commencement, shall not exceed the years of the retiree's or former Employee's pensionable service, as defined in the Income Tax Act, after 1991, multiplied by the lesser of:
- (i) \$2,111.11, or such greater amount as is permitted by the Income Tax Act; and
 - (ii) 2% of the retiree's or former Employee's highest average indexed compensation, as defined in the Income Tax Act, in any three non-overlapping periods of twelve consecutive months,
- reduced, if the pension commencement date precedes the earliest day on which:
- (iii) the retiree or former Employee will reach age 60;

- (iv) the retiree's or former Employee's age plus his Company Service would have equalled 80; and
- (v) the retiree or former Employee would have completed 30 years of Company Service,

by 1/4% for each month by which the pension commencement date precedes that day.

- (e) The annual Early Retirement Benefit payable to a retiree or to a former Employee described in Section 12.07, in combination with his Past Service Benefits and Future Service Benefits and similar benefits payable under an associated defined benefit provision, as defined for this purpose in the Income Tax Act, in respect of periods after 1991, shall not exceed:
 - (i) \$2,111.11 (or such greater amount as is permitted by the Income Tax Act) multiplied by the pensionable service, as defined by the Income Tax Act, of the recipient after 1991; plus
 - (ii) 1/35 of 25% of the average of the Year's Maximum Pensionable Earnings under the Canada Pension Plan for the year of pension commencement and each of the two immediately preceding years, multiplied by the pensionable service, as defined in the Income Tax Act, of the recipient after 1991, not exceeding 35 years.
- (f) The annual Early Retirement Benefit payable to a retiree or to a former Employee described in Section 12.07 shall not exceed:
 - (i) in respect of his Credited Service for time periods prior to 1992, the combined maximum annual benefit payable under the Old Age Security Act and the Canada Pension Plan, determined as if the recipient were age 65 at the time the benefit commences, multiplied by the ratio A/B where
 - A = the recipient's years of pensionable service, as defined in the Income Tax Act, prior to 1992 not exceeding 35 years, and
 - B = 35 years; and
 - (ii) in respect of his Credited Service for time periods after 1991, the combined maximum annual benefit payable under the Old Age Security Act and the Canada Pension Plan, determined as if the recipient were age 65 at the time the benefit commences, multiplied by the ratio C/D where
 - C = the recipient's years of pensionable service, as defined in the Income Tax Act, after 1991 not exceeding 10 years, and
 - D = 10 years

reduced by 1/4 of 1% for each month by which the recipient's early retirement precedes his reaching the age of 60.

In no event shall the total of (i) and (ii) exceed the combined maximum annual benefit payable under the Old Age Security Act and the Canada Pension Plan, determined as if the recipient were age 65 at the time the benefit commences.

- (g) In no event shall the benefits accrued under Section 11.02 result in a pension adjustment, as defined in the Income Tax Act, in any calendar year in excess of the limits prescribed for that calendar year under the Income Tax Act.
- (h) Amounts transferred under Section 12.10 shall not exceed the maximum amount prescribed under the Income Tax Act. The excess, if any, of the Commuted Value over the amount eligible to be transferred shall be paid to the recipient as a lump sum, net of income tax withholding.
- (i) No amendment to the Plan which results in a certifiable past service adjustment, as defined in the Income Tax Act, shall be effective in respect of an individual entitled to benefits under the Plan until the past service pension adjustment in respect of that individual is certified in accordance with the Income Tax Act.

Article 13 - Re-employed Former Employee or Pensioner

13.01.

If a former Employee who has commenced receiving a pension recommences work as an Employee, payment of his pension shall continue and he is not eligible to re-enrol or accrue further benefits under the Plan.

13.02.

If a former Employee who:

- (a) took a Commuted Value settlement under Section 12.10 (or a comparable provision of a Prior Agreement), or
- (b) terminated employment with the Company at a time when he was not vested in any benefit entitlement under the Plan,

recommences work as an Employee, he shall for all purposes of this Agreement be treated as a new Employee, and his prior period of employment with the Company shall be ignored for all purposes of this Plan.

Article 14 - Retirement Planning Option

14.01.

An employee who is eligible for Unreduced Early Retirement as defined in Section 12.02 above may, entirely at his own option, elect to apply for Early Retirement Leave.

Early Retirement Leave is designed to provide employees with an opportunity to assess retirement conditions before actual retirement. However, no restrictions are placed on the manner in which this option is utilized.

Early Retirement Leave will be available to eligible employees during the period October 1 to the following April 30, provided that application is made prior to the preceding July 1.

The length of leave available will depend on the employee's age as follows:

AGE	DURATION
60	4 weeks
61	4 or 8 weeks
62	4, 8 or 12 weeks
63	4, 8, 12, 16 or 20 weeks
64	4, 8, 12, 16, 20 or 24 weeks

Remuneration during Early Retirement Leave will be equal to the benefits which would have been available under Article 12 above, if the employee had retired on July 1 preceding the leave.

Time on Early Retirement Leave will be included in Credited Service under the Plan.

Article 15 - General Provisions

15.01.

No benefit provided under the Plan shall be assigned or alienated or is capable of being assigned or alienated by an Employee, pensioner, surviving Spouse of an employee or pensioner; or by their dependants, personal representatives or other persons with any right or interest therein or confers upon any of the aforesaid any right or interest therein that is capable of being assigned or alienated.

15.02.

Benefits provided under this Plan may not be surrendered or commuted during the lifetime of the recipient, nor do such benefits confer upon a recipient or personal representative, dependent or any other person any right or interest therein that is capable of being surrendered or commuted during the lifetime of the recipient unless the annual payment due would amount to less than 10%, or the Commuted Value of the benefit is less than 20%, of the Year's Maximum Pensionable Earnings, as defined in the Canada Pension Plan, in the relevant year, or such other amount as may be permitted under the PBSA from time to time in which case the Company or

the recipient may direct that the Commuted Value of such benefits be paid in one lump sum. In the case where a recipient is directing a lump payment be made under this Section 15.02, he or she shall advise the Company of his or her election no later than six (6) months after being advised of his or her right to make the direction, or such later date as is allowed under the PBSA. A payment under this Section 15.02 shall be made within sixty (60) days after the individual entitled to the payment has completed and filed all documents required to authorize the payment.

15.03.

Sections 15.01 and 15.02 do not apply to the transfer of pension entitlements under the Plan pursuant to a separation agreement, a declaratory judgement under Section 57 of the Family Relations Act (British Columbia), a division of pension entitlement under Part 6 of the Family Relations Act (British Columbia), an order for dissolution of marriage or judicial separation, or an order declaring a marriage null and void. The entitlement of any person to receive a benefit under the Plan is subject to entitlements arising under a separation agreement or order made under Part 5 of the Family Relations Act (British Columbia), or a similar order of a court outside of British Columbia enforceable in British Columbia, that affects the payment or distribution of a person's benefits. The entitlement of any person to receive a benefit under the Plan is also subject to entitlements arising under a division of pension under Part 6 of the Family Relations Act (British Columbia).

15.04.

A separated Spouse or former Spouse who becomes entitled to a division of an Employee's, a former Employee's or a retiree's pension in accordance with the terms of a written agreement or judgement of a competent tribunal pertaining to matrimonial property rights enforceable in a court in British Columbia:

- (a) shall have those entitlements locked in to the same extent as the pension of the Employee, former Employee or retiree from whom the separated or former Spouse's entitlement is derived; and
- (b) shall not have any further entitlements under the Plan after the separated or former Spouse receives the share of the pension.

15.05.

Notwithstanding the above, application by any person or agency on behalf of a person entitled to a benefit under the Plan may be made to the Joint Committee and the Committee may make payment to any such person or agency on behalf of the person entitled to a benefit under the Plan where it is established in such manner and by such evidence as may be prescribed by the Committee that the person entitled to the benefit is by reason of infirmity, illness, insanity or other cause incapable of managing his or her own affairs and the Committee may prescribe the manner in which a benefit authorized to be paid to any such person or agency on behalf of the person entitled to a benefit shall be administered and expended for the benefit of that person and accounted for.

15.06.

The method of funding monies required for the payment of all benefits under the terms and conditions of the Plan and for investment of such monies shall be decided by the Company with due regard to the provisions respecting funding and investment of Fund monies as are prescribed by the applicable Provincial or Federal Government statutes and regulations. The expenses associated with the administration and maintenance of the Plan, this Agreement and any Prior Agreement, and the investment of the Fund shall be paid from the Fund, unless paid by the Company.

15.07.

A written explanation shall be given to each Employee and, to the extent required by the PBSA, each former Employee, of the terms and conditions of the Plan and any amendments thereto applicable to him, together with an explanation of the rights and duties of the Employee with reference to the benefits available to him under the terms of the Plan.

15.08.

The Joint Committee shall annually be provided with a statement prepared by the Company which shall indicate:

- (a) the net rate of return earned on the assets of the Fund;
- (b) the net contributions made by the Company for the year reported;
- (c) the total pension credits earned by the Employees for the year reported;
- (d) the names of the Employees who retired during the year reported and the amount of pension earned by each;
- (e) the names of the Employees who terminated during the year;
- (f) the names of the Employees who joined the plan during the year; and
- (g) a listing of Employees who were participants in the Plan during the year showing sex, age and credited service date.

In addition to the statement, the Joint Committee shall be provided with a copy of the actuarial report.

15.09.

An Employee whose service with the Company is recognized as Credited Service for the purpose of this Agreement or any Prior Agreement shall not be entitled to benefits under any Cominco pension plan or any other Elk Valley Coal Corporation pension plan for the same periods of service.

15.10.

Each Employee who is in service with the Company on the last day of a calendar year shall receive an annual pension statement describing his benefit entitlements under the Plan as at the end of that calendar year. These annual statements shall contain the information required by the PBSA and shall be provided to such employees within 180 days of the end of the relevant calendar year.

15.11.

If the Plan is terminated and there is a solvency deficiency (as defined in the PBSA) at that time, the Company shall make contributions to the Fund in the amounts and at the times required by the PBSA to discharge that solvency deficiency. The assets of the Fund shall be distributed in accordance with this Section 15.11. The amount and method of providing for payment of benefits on the Plan's winding up shall be determined by the Company. Unless an alternative method of allocating assets is approved in accordance with the PBSA, if the Plan is fully terminated and the assets in the Fund are insufficient to meet the obligations of the Plan, the assets of the Fund shall be allocated as follows:

- (a) Firstly, to provide for accrued benefits in respect of which no unfunded liability was established, or if an unfunded liability was established, that liability has been amortized at the date of the winding up of the Plan;
- (b) Secondly, to the extent that assets have not been allocated under paragraph (a), assets must be allocated to provide for accrued benefits in respect of which an unfunded liability or solvency deficiency has not been amortized at the date of the winding up of the Plan.

If the Plan is fully terminated and the assets of the Fund are more than sufficient to meet the obligations of the Plan, the excess assets shall be paid to the Company, subject to receipt of such approvals as are required under the PBSA.

15.12.

- (a) If the Plan is terminated, either in whole or in part, each Employee whose participation in the Plan ceases as a consequence of the termination shall be entitled to benefits under the Plan, regardless of the Employee's years of continuous plan membership (as defined in the PBSA) on the termination date. Each such Employee shall receive his benefits in accordance with subparagraphs (b)(i) or (ii).
- (b) If the Plan is terminated in part, each Employee whose participation in the Plan ceases as a consequence of such partial termination and to whom Section 10.02 does not then apply shall receive his benefits as follows:
 - (i) if the Employee is under the age of 55, in accordance with Sections 12.07 and 12.08, as the case may be, as if the Employee's employment had terminated on the date of termination; or

- (ii) if the Employee is 55 or over, in accordance with Section 12.01, 12.02, 12.03 or 12.04, as the case may be, as if the Employee had retired on the date of termination.

An Employee whose participation in the Plan ceases as a consequence of a partial termination of the Plan and to whom Section 10.02 then applies shall, in accordance with Section 10.02, have his participation in the Plan suspended while he remains an employee of the Company, and his entitlement to benefits under the Plan shall be determined only when his employment with the Company is terminated or the whole of the Plan is terminated.

15.13.

The calculation of benefits under the Plan shall be determined without regard to the sex of the Employee or retiree entitled to receive such benefits.

15.14.

Notwithstanding the provisions of the Plan, and subject to the PBSA, the Commuted Value of a former Employee's entitlement under Section 12.07 or 12.08 may be paid in a single cash payment where:

- (a) the former Employee has been absent from Canada for two (2) or more years; and
- (b) the former Employee has become a "non-resident" of Canada as determined under the Income Tax Act.

Article 16 - Filing of Plan

16.01.

It is hereby agreed that the Plan, as filed with the British Columbia Superintendent of Pensions and the Canada Revenue Agency, shall be amended to incorporate the terms of this Agreement by adding this Agreement to Schedule "A" of the Plan.

This Agreement shall be binding on the parties hereto, jointly and severally, and their successors and assigns, and upon the employees referred to herein.

IN WITNESS WHEREOF Elk Valley Coal Corporation and Local 7884 of the United Steelworkers have executed this Agreement the day and year first above written.

ELK VALLEY COAL CORPORATION

UNITED STEELWORKERS, LOCAL 7884

