



Bridger Coal Housing Assistance Benefit Policy Communication



Bridger Housing Assistance Benefit Policy Communication

Benefits are being provided to assist eligible Bridger Coal employees with the significant housing market situation being driven by the energy boom affecting the Rock Springs/Green River, Wyoming area.

Eligibility for assistance has been determined based on an assessment of housing market escalation over the last ~~five~~5 years and in conjunction with workforce demands. All eligible employees that request and receive housing assistance benefits will be required to sign an ~~retention housing assistance agreement~~ employment agreement.

- Housing Assistance Eligibility:

Bridger MineCoal employees, salaried and hourly, with a Bridger MineCoal facility hire date on or after August 1, 2004, who

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1.❖ Wwere hired from an area outside of Rock Springs/Green River (100 mile radius),
and

2.❖ Ssign a retention housing assistance~~employment~~ agreement at the time benefits are committed, with an agreement term consistent with the elected program's benefit payout term

Housing assistance benefits will be available only through the defined programs. Employees need to contact the following individual to determine the level of benefit and program they qualify for:

 Contact Tammy Rivard, Home Services, at (866) 401-1876 ext. 57336 or via email at tammy.rivard@hslrelocation.com.

- Term of Housing Assistance Benefit Offering:

1. Housing assistance benefits are being offered starting June 2007 to eligible employees, based on the above eligibility criteria.



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2. The housing assistance benefit offering will be in place until December 31, 2008.

3. The company can terminate and/or extend the offering at any time based on management's discretion.

- **Housing Assistance Benefits:**

Housing assistance benefits are being offered to eligible employees based on two categories and through the below defined programs:

1-Category 1-Rent Assistance (for those not purchasing a home)

2. ~~Rent Assistance~~ (for those not purchasing a home)

a. 1. Total gross assistance benefit of \$20,000 and reduced by any sign-on bonus amounts for non-represented eligible employees.

b. 2. Fifty (50) percent ~~50%~~ of net benefit to be paid in five annual cash payments, at the completion of each 12 months employment from the date of signed five-year ~~employment and benefit commitment agreement~~ retention housing assistance agreement with:

e. The remaining ~~fifty (50) percent~~ 50% of net benefit paid at the completion of the full five-year ~~employment and benefit agreement~~ retention housing assistance agreement term.

a.

a. b. Housing assistance benefit payments will be processed through ordinary payroll processes and ~~are~~ subject to payroll taxes.



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2. Category 2 – Home Ownership Assistance

2. Home Ownership Assistance

a.1. Total gross assistance benefit of twenty (20) percent~~20%~~ of purchase price of home or \$50,000, whichever is less, reduced by any sign-on bonus amounts for non-represented eligible employees, and

b.2. Paid in accordance with one of the following programs:

❖ Mortgage Interest Subsidy (for those eligible who have not purchased a home, but plan to)

a. Set dollar amount annually, paid over a minimum five-year term directly to lender.

b. Execution of a five-year retention housing assistance agreement.

c. Termination of benefits if employee terminates, is severed or relocates.

d. Housing assistance benefit amounts are processed as taxable income annually.



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Mortgage Interest Subsidy

1. Set dollar amount annually, paid by company directly to lender monthly
2. Minimum term of 5 years, maximum of 10 years

Attributes:

1. Lowers employee payments for 5+ years resulting in gradual payment rise as employee compensation rises
2. Subsidy covers interest but employee gets interest tax benefit when filing personal income tax returns
3. Employee responsible for payroll taxes on monthly subsidy payment – handled automatically through payroll processing
4. Employee must qualify for full finance amount but 100% financing is allowable under the program

Assumptions:

Loan Amount: \$250,000
 Mortgage Note Rate: 6.25%
Qualifying Note Rate 6.25%
 Term: 30 Yr Fixed Rate

Subsidy EXAMPLE (\$50,000- 5 years)

Year	Interest Rate	P&I at Note Rate	P&I Paid by Employee	Monthly Subsidy Assistance	Annual Subsidy Rec'd By Employee
1	.110%	\$1,539.29	\$ 705.96	\$833.33	\$10,000
2	.110%	\$1,539.29	\$ 705.96	\$833.33	\$10,000
3	.110%	\$1,539.29	\$ 705.96	\$833.33	\$10,000
4	.110%	\$1,539.29	\$ 705.96	\$833.33	\$10,000
5	.110%	\$1,539.29	\$ 705.96	\$833.33	\$10,000
6.	6.25%	\$1,539.29	\$1,539.29	-0-	-0-
Total Subsidy Cost:				\$50,000	



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❖ **Corporate Second Mortgage Guaranty** (for those eligible who have not purchased a home, but plan to)

- a. Execution of a five-year retention housing assistance agreement.
- b. Second mortgage established for total benefit amount.
- c. Second mortgage term is five years.
- d. Company pays monthly second mortgage payments.
- e. Second mortgage is recorded as lien on property.
- f. Guarantor (Company) has right to call principal due, if employee terminates, is severed or relocates.
- g. Housing assistance benefit amounts are processed as taxable income annually.

2nd Mortgage Guaranty

- 1. Company Guarantees 2nd Mortgage for benefit amount (20% of purchase price up to maximum of \$50,000)
- 2. Recorded as lien on Property, Guarantor has right to call the principal due if employee terminates or relocates

Attributes:

- 1. Serves as down payment
- 2. Employee only required to qualify for 1st mortgage amount with 100% financing allowable under the program
- 3. Likely avoids mortgage insurance resulting in lower payments for term of 1st mortgage
- 4. Employee gets interest tax benefit when filing personal income tax returns
- 5. Employee responsible for payroll taxes on monthly 2nd payment – handled automatically through payroll processing

Corporate Second EXAMPLE (\$50,000)

Example without Corporate Second

Purchase - \$250,000
Mortgage Amt - \$250,000
Interest Rate – 6.25% (used for example)
Product – 30 Year Fixed
Principal + Interest Pymt. = **\$1,539.29/mo**

Note: Mortgage Insurance Additional

Example with Corporate Second

Purchase - \$250,000
Corporate 2nd - \$50,000
Mortgage Amt - \$200,000
Interest Rate – 6.25% (used for example)
Product – 30 Year Fixed
Principal + Interest Pymt. = **\$1,231.43/mo**

Note: Mortgage Insurance Avoided



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❖ **Cash Payment Program** (for those eligible who have already purchased a home)

a. Execution of a five-year retention housing assistance agreement with Bridger Coal, service to date applied, and a minimum three-year future commitment to remain from date of execution.

b. Benefit amount to be based on proof of mortgage purchase price and date, pro-rated over five-year term then adjusted (reduced) for:

- Sign-on bonus amounts (if previously provided) for non-represented employees, and
- Up to a maximum of three service years completed with remaining benefit to be paid directly to employee through payroll processing in annual installments, paid at the completion of each 12 months employment from the date of signed retention housing assistance agreement for remaining agreement term.

c. Housing assistance benefit payments will be processed through ordinary payroll processes and subject to payroll taxes.

~~a. Set dollar amount annually, paid over a minimum five year term directly to lender~~

~~b. Execution of a five year employment and benefit commitment agreement with~~

~~c. Termination of benefits if employee terminates, is severed or relocates~~

~~Housing assistance benefit amount are processed as taxable income annually~~

Corporate Second Mortgage Guaranty (for those eligible who have not purchased a home, but plan to)

~~a. Execution of a five year employment and benefit commitment agreement with~~

~~b. 2nd mortgage established for total benefit amount~~

~~c. 2nd mortgage term is five years~~

~~d. Company pays monthly 2nd mortgage payments~~

~~e. 2nd mortgage is recorded as lien on property~~

~~f. Guarantor (Company) has right to call principal due if employee terminates, is severed or relocates~~

~~g. Housing assistance benefit amount are processed as taxable income annually~~



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~~Cash Payment Program (for those eligible who have already purchased a home)~~

~~a. Execution of a five year employment and benefit commitment agreement with Bridger service to date applied and a minimum 3 year future commitment to remain from date of execution~~

~~b. Benefit amount to be based on proof of mortgage purchase price, pro-rated over 5 year employment term then adjusted (reduced) for:~~

~~• Sign on bonus amounts (if previously provided) for non-represented employees and~~

~~• Up to a maximum of 3 service years completed with~~

~~c. Remaining benefit to be paid directly to employee through payroll processing in annual installments, paid at the completion of each 12 months employment from the date of signed employment and benefit commitment agreement for remaining agreement term~~

~~d. Housing assistance benefit payments will be processed through ordinary payroll processes and subject to payroll taxes~~



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⊕ Term of Housing Assistance Benefit Offering:

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- ~~2. The housing assistance benefit offering will be in place until December 31, 2008~~
- ~~3. The company can terminate and or extend the offering at any time based on management's discretion~~



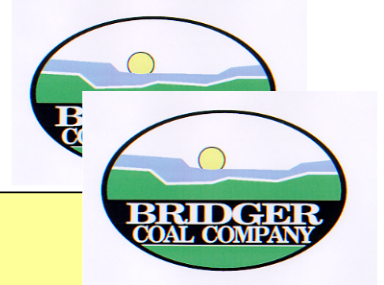
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~~Home Ownership Program Examples~~



Bridger Housing Assistance Benefit Programs

Home Ownership Bridger Housing Assistance Benefit Programs



Mortgage Interest Subsidy

1. Set dollar amount annually, paid by company directly to lender monthly
2. Minimum term of 5 years, maximum of 10 years

Home Ownership

2nd Mortgage Guaranty

1. Company Guarantees 2nd Mortgage for benefit amount (20% of purchase price up to maximum of \$50,000)
2. Recorded as lien on Property, Guarantor has right to call the principal due if employee terminates or relocates

Attributes:

1. Serves as down payment
2. Employee only required to qualify for 1st mortgage amount with 100% financing allowable under the program
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Corporate Second EXAMPLE (\$50,000)

Example without Corporate Second

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Principal + Interest Pymt. = \$1,539.29/mo

Note: Mortgage Insurance Additional

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Purchase - \$250,000
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Note: Mortgage Insurance Avoided



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Home Ownership Program Examples

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Cash Payment Attributes

1. Benefit amount = 20% of purchase price or \$50,000, whichever is lower
 - Prorated over five-year employment term = annual gross benefit
 - Annual gross benefit reduced for sign-on bonus (for non-represented eligible employees) and then reduced for term from purchase date (maximum three years) = net benefit to be paid over minimum three-year remaining employment term
2. Annual net benefit amounts paid to employee through payroll processing following completion of each 12 months employment from signature date of employment agreement

Cash Payment EXAMPLE (\$50,000)

2004	Purchase Date				Minimum 3 Yr Employment Commitment				Net Benefit	Net benefit
	2005	2006	2007	2008	2009	2010	2011			
Yr1	Yr2	Yr3	Minimum 3 yr future term							
10000	10000	10000	Yr4	Yr5	6666	6667	6667	\$ 50,000	\$ 20,000	
	Yr1	Yr2	Yr3	Yr4	Yr5			\$ 50,000	\$ 30,000	
	10000	10000	10000	10000	10000	10000		\$ 50,000	\$ 40,000	
	Yr1	Yr2	Yr3	Yr4	Yr5			\$ 50,000	\$ 40,000	
	10000	10000	10000	10000	10000	10000	10000	\$ 50,000	\$ 40,000	
	Yr1	Yr2	Yr3	Yr4	Yr5			\$ 30,000	\$ 24,000	
	6000	6000	6000	6000	6000	6000	6000	\$ 30,000	\$ 24,000	



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~~Home Ownership Program Examples~~



**Bridger Housing Assistance Benefit Programs
Home Ownership**

Cash Payment Attributes

1. Benefit amount = 20% of purchase price or \$50,000, whichever is lower
 - Prorated over 5 year employment term = annual gross benefit
 - Annual gross benefit reduced for sign-on bonus (for non-represented eligible employees) and then reduced for service completed (maximum 3 yrs) = Net Benefit to be paid over minimum 3 year remaining employment term
2. Annual net benefit amounts paid to employee through payroll processing following completion of employment from signature date of employment agreement

Cash Payment EXAMPLE (\$50,000)

Service to Date				Minimum 3 Yr Employment Commitment				Net Benefit Earned
2004	2005	2006	2007	2008	2009	2010	2011	
Yr 1	Yr 2	Yr 3	Minimum 3 yr future term					
10000	10000	10000	Yr 4	Yr 5	6666	6667	6667	\$ 50,000

Service to Date				Minimum 3 Yr Employment Commitment				Net Benefit Earned
2004	2005	2006	2007	2008	2009	2010	2011	
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5			
	10000	10000	10000	10000	10000	10000		\$ 50,000

Service to Date				Minimum 3 Yr Employment Commitment				Net Benefit Earned
2004	2005	2006	2007	2008	2009	2010	2011	
		Yr 1	Yr 2	Yr 3	Yr 4	Yr 5		
		10000	10000	10000	10000	10000	10000	\$ 50,000