MEMO: 1824-08

MEMORANDUM

TO: All Members, Member Organizations, and ROTs

DATE: October 23, 2008

RE: Fording Canadian Coal Trust (FDG) – Upcoming Contract Adjustment

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Attached for your review is a copy of the Options Clearing Corporation ("OCC") Information Memo #25009 regarding the Fording Canadian Coal Trust (FDG) upcoming contract adjustment.

Questions concerning this memorandum should be directed to the OCC at 1-800-544-6091.

THE OPTIONS CLEARING CORPORATION

#25009

TO:	**ALL CLEARING MEMBERS**
FROM:	**KEN RYPEL, DIRECTOR - NATIONAL OPERATIONS**
DATE:	**OCTOBER 23, 2008**
SUBJECT:	**FORDING CANADIAN COAL TRUST – ANTICIPATED ADJUSTMENT – ADDITIONAL INFORMATION**

OPTION SYMBOLS:	**FDG/YWQ**
NEW SYMBOLS:	**FEG/YEG**
DATE:	**10/30/08 ???**

The purpose of this memo is to provide additional information about 1) how the 15% withholding tax may be allocated across the distributable cash and TCK share components of the FDG and TCK Plan of Arrangement and 2) indicate the last day of trading of FDG on the New York Stock Exchange.

1) OCC Information Memo # 24913 indicated that pursuant to the FDG and TCK Plan of Arrangement the 15% tax withholding would be applied to each component of the Plan's distributable proceeds. That is, to both the US$82 cash component and the .245 TCK share components to be distributed to FDG shareholders. OCC has been informed by Tech Cominco that the value of the 15% withholding tax allocated to the .245 TCK share component may instead be allocated to the US$82 cash component. If this occurs, the net distributable TCK share amount may be the full .245 shares for each FDG share, with the net distributable cash amount ***further reduced*** by the value of the TCK shares that would otherwise be withheld. (Originally the number of TCK shares to be distributed after withholding was approximately .245 x 85% = .20825, or 20.825 TCK shares per contract. If instead the full amount of TCK shares are distributed, the share amount would be 24.5 shares per contract. The value of the TCK shares that would otherwise be withheld for taxes may be withheld from the distributable cash proceeds. Thus the per share distributable cash amount would be $82.00 x .85 = $69.70, ***further reduced*** by the value of the TCK shares that would otherwise be withheld for taxes.)

2) The New York stock Exchange has indicated the last day of trading in FDG shares will be October 24, 2008.

Information Memo 24913 is reprinted below, reflecting this new information.

<u>FORDING ARRANGEMENT</u>

On September 30, 2008, shareholders of Fording Canadian Coal Trust ("FDG") approved a proposed arrangement ("Arrangement") which is structured as a sale of all FDG assets to Teck Cominco Limited ("TCK"). Under the terms of the Arrangement, Fording Canadian Coal Trust will cease to exist and each existing FDG Unit Share will be converted into the right to receive .245 TCK Class B Common Shares plus US$82.00 Cash (collectively, the "Proceeds"). The total amount of the Plan's distributable proceeds s will be subject to a 15% tax withholding applicable to U.S. FDG shareholders. **However, the manner in which the 15% withholding will be implemented across the cash and TCK components of the distributable proceeds has yet to be specifically determined.** Cash will be paid in lieu of fractional TCK shares. The Arrangement is expected to be consummated on or about October 30, 2008 after the end of a 20 day trading period (see below).

As a result of the 15% tax withholding, U.S. resident FDG shareholders will receive a maximum of .245 TCK Class B Common Shares and $69.70 Cash ($82.00 x .85 = $69.70) for each FDG share, with the $69.70 cash amount ***expected to be further reduced*** by the value of any TCK shares that would otherwise be withheld for taxes. **The ability to recover the 15% tax withholding amount applicable to U.S. residents in whole or in part through U.S. foreign tax credits or otherwise is uncertain and dependent on individual tax situations.**

The FDG/TCK Management Information Circular highlights several tax implications as a result of the structure of the Arrangement, noting that the consideration given in exchange for FDG shares outstanding at the effective time of the Arrangement will be taxable as ordinary income to Canadian shareholders. However, the Arrangement provides for a 20 day trading period after the Shareholder Meeting and prior to the effective time of the Arrangement to allow FDG shareholders to sell shares in the open market. (See the "Certain Tax Considerations for Unitholders" section of the FDG/TCK Management Information Circular.)

The New York Stock Exchange (NYSE) has announced October 24, 2008 will be the last day FDG trades on the exchange. The NYSE will not be quoting FDG "ex-distribution".

THE FOREGOING IS AN UNOFFICIAL SUMMARY OF THE TERMS OF THE ARRANGEMENT, PREPARED BY OCC FOR THE CONVENIENCE OF CLEARING MEMBERS. OCC ACCEPTS NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE SUMMARY. CLEARING MEMBERS SHOULD REFER TO THE FDG/TCK MANAGEMENT INFORMATION CIRCULAR, FOR THE AUTHORITATIVE DESCRIPTION OF THE ARRANGEMENT AND ALL ITS TERMS AND CONDITIONS.

Important Exercise Considerations

After the Arrangement is consummated and the contract adjustment described below is effected, outstanding adjusted Fording Canadian Coal Trust Call option holders will receive upon exercise (and Put holders will deliver upon exercise) the Arrangement Proceeds **NET of the 15% tax withholding** (on a per contract basis). IF FDG/YWQ CALL OPTION HOLDERS DO NOT WISH TO RECEIVE (AND PUT HOLDERS TO DELIVER) THE NET CONSIDERATION UPON EXERCISE AFTER THE CONTRACT ADJUSTMENT, THEY MUST EXERCISE IN ADVANCE OF THE CONTRACT ADJUSTMENT.

FDG and YWQ options exercised after October 24, 2008 and before the contract adjustment is effected will require the delivery of 100 FDG shares.

Contract Adjustment

Pursuant to Article VI, Section 11, of OCC's By-Laws, a panel of OCC's Securities Committee has determined to adjust all FDG/YWQ options as indicated below (the panel consists of two representatives from the Exchanges on which the affected option is traded (in this case, the Chicago Board Options Exchange ("CBOE"), the American Stock Exchange ("AMEX"), the NASDAQ OMX PHLX Exchange ("PHLX"), the NYSE Arca Exchange ("ARCX"), the International Securities Exchange ("ISE"), and the

Boston Options Exchange ("BOX")) and the Chairman of OCC or his delegee, who only votes in case of a tie).

NOTE: Clearing Members and investors are reminded that adjustment decisions are made by Adjustment Panels of the Securities Committee on a case by case basis. In particular, the decision to adjust FDG options to call for the Arrangement's Proceeds "net" of Canadian withholding taxes was made in response to the FDG Arrangement and other considerations as understood by the FDG Adjustment Panel. **The FDG adjustment decision is not intended to indicate how future adjustments involving distributions subject to tax withholding will be handled by other Adjustment Panels.**

DATE:	Effective the opening of the business day after the merger is consummated. Contract adjustment may occur on or about **October 30, 2008**.
OPTION SYMBOL:	FDG changes to FEG YWQ changes to YEG
STRIKE PRICES:	No Change
NUMBER OF CONTRACTS:	No Change
MULTIPLIER	100 (e.g., a premium of 1.50 yields $150; a strike of 85 yields $8,500.00)
NEW DELIVERABLE PER CONTRACT:	*1) Approximately $6,970.00 Cash ($69.70 x 100) **expected to be further reduced** by the value of any TCK shares that would be otherwise be withheld for taxes 2) A maximum of 24.5 Teck Cominco ("TCK") Class B Common shares *3) Cash in lieu of fractional TCK Shares, if any **Note: The determination of the adjusted option deliverable will be based on the final "net" distributable amounts as these amounts are confirmed after consummation of the Arrangement.** *The cash portion of the deliverable remains permanently fixed as part of the option deliverable, and does not vary with price changes of securities also included in the deliverable
SETTLEMENT:	Delayed
CUSIP:	TCK: 878742204

<u>PRICING</u>

The underlying price for FEG/YEG options will be determined as follows:

FEG = 69.70 + .20825 (TCK)

SPECIAL RISKS

Short Put Options

Put writers assigned as a result of an exercise **before** the contract adjustment will receive FDG stock. Put writers assigned **after** the contract adjustment will be obligated to receive the distributable amount of the Proceeds **“net” of withholding taxes** (cash plus TCK stock). To the extent that FDG stock deliverable may have a greater valuation than the adjusted FDG option “net” deliverable, this will present a risk for writers of put options who are assigned **after** the contract adjustment. Put writers should take this into account in determining their investment strategies.

THE FOREGOING POSSIBLE ADJUSTMENT IS BASED ON THE INFORMATION AVAILABLE AT THIS TIME. THE DETERMINATION TO ADJUST AND THE EXTENT OF THE ADJUSTMENT ARE SUBJECT TO CHANGE AS ADDITIONAL INFORMATION BECOMES AVAILABLE OR IF THERE ARE MATERIAL CHANGES TO THE TERMS OF THIS ARRANGEMENT.

ALL CLEARING MEMBERS ARE REQUESTED TO IMMEDIATELY ADVISE ALL BRANCH OFFICES AND CORRESPONDENTS ON THE ABOVE.

Questions regarding this memo can be addressed to Member Services at (800) 544-6091. Within Canada call (800) 424-7320.

CATEGORY:	CONTRACT ADJUSTMENT
SUB-CATEGORY:	ANTICIPATED ADJUSTMENT