



Transit

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August 18, 2003

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THE UNION PEARSON AIRLINK GROUP
c/o Mr. Albert F. Sweetnam, P.Eng.
Vice President, Major Projects
SNC-LAVALIN Engineers & Constructors
2200 Lake Shore Blvd. West
Toronto, Ontario M8V 1A4

Dear Sirs:

Subject: Air Rail Link between Toronto Union Station and Lester B. Pearson International Airport

Greater Toronto Transit Authority ("GO") acknowledges that Transport Canada issued a 'Request for Expressions of Interest, Air Rail Link from Lester B. Pearson International Airport to Union Station' ("RFEOI") dated April 12, 2001, a copy of which was reviewed by GO, to persons interested in financing, designing, constructing, operating and maintaining a passenger railway service that will be operated between Toronto Union Station and Toronto-Lester B. Pearson International Airport ("LBPIA") over track that includes the Spur Line ("Air Rail Link").

A glossary of the defined terms used herein is set forth in Schedule A.

GO also acknowledges that, pursuant to the RFEOI, Transport Canada qualified four respondents (each a Qualified Respondent), which included "The Union Pearson Group Inc." and who were replaced by "Union Pearson AirLink Group in addendum No. 2 issued by Transport Canada. Transport Canada is inviting the Qualified Respondents to submit a Response to the 'Request for Business Case, Air Rail Link from Toronto-Lester B. Pearson International Airport to Toronto Union Station' ("RFBC") issued by Transport Canada on May 2003, to finance, design, construct, operate and maintain the Air Rail Link.

GO has an interest, and is a stakeholder, in the proposed Air Rail Link because GO owns and is responsible for the management, operation and maintenance of the USRC and GO's Bloor Station, and operates its Georgetown Service along the CN Track, and as such the involvement of GO in the Air Rail Link is required.

GO understands that there are stakeholders in addition to GO whose collective involvement in the Air Rail Link is required, and that they are each issuing letters to Transport Canada, with respect to the terms and conditions of their involvement in the Air Rail Link. GO and such other stakeholders are herein collectively called "Stakeholders" and individually called a

"Stakeholder". The Major Stakeholders, which includes GO, are providing to the Respondents as part of the RFBC, letter agreements which may be accepted by each Respondent, or negotiated by such Respondent with each Stakeholder, to form a binding Stakeholder Agreement Letter between such Respondent and such Stakeholder. Minor Stakeholders have provided to Transport Canada letters outlining the terms and conditions upon which they are prepared to negotiate agreements setting forth the terms of their involvement with the Air Rail Link. The letter agreements between Major Stakeholders and the Qualified Respondents are herein collectively called "Stakeholder Agreement Letters" and individually called a "Stakeholder Agreement Letter". This Stakeholder Agreement Letter is the agreement between GO and the Respondent, referred to in GO letter of May 22, 2003 to Transport Canada included in Appendix 2 of the RFBC and since modified by Addendum No. 2 dated July 11, 2003.

GO has reviewed the proposed elements of a conceptual alignment of the proposed Air Rail Link as described in such final draft, and the terms and conditions upon which the Qualified Respondents are to submit a Response to Transport Canada. GO understands that this Stakeholder Agreement Letter will form part of the RFBC.

GO understands that the role of Transport Canada is to facilitate the Process, whereby the Qualified Respondents were identified and pursuant to the criteria set forth in the RFBC, one of the Qualified Respondents may be selected by Transport Canada to be the successful respondent ("Successful Respondent"). Such selection will then permit the Successful Respondent to enter into Final Stakeholder Agreements.

GO assumes that no provision of any other Stakeholder Letter Agreement conflicts with this GO Stakeholder Letter Agreement, and GO assumes that all third party arrangements, not specifically assumed or arranged by GO, shall be provided as contemplated herein. It is understood that letters provided by Major and Minor Stakeholders do not include provisions that would otherwise constrain GO operations, current or future, or bind GO to cost obligations other than those included in GO's Stakeholder Letter Agreement.

In consideration of the Respondent's participation in the Process and of the benefits which will accrue to GO if the Air Rail Link is financed, designed, constructed, maintained and operated by the Successful Respondent, and of the access fees to be paid to GO, and of other good and valuable consideration, GO hereby agrees with the Respondent, as follows:

I. ACKNOWLEDGEMENTS AND UNDERTAKINGS

1.1 The Air Rail Link can only be designed, constructed, operated and maintained through the Final Stakeholder Agreements between the Successful Respondent and each Stakeholder.

1.2 In order for the Respondent to submit a Response, the Respondent must have certainty as to the terms and conditions on which GO is prepared to enter into a Final Stakeholder Agreement with the Respondent, should it be selected as the Successful Respondent.

1.3 The terms of this Stakeholder Agreement Letter set forth the mandatory terms (Section 4), the negotiable term (Section 5) and optional provisions (Section 6) relating to GO's involvement in the Process and the Air Rail Link. The negotiable term is the amount of the access fees (refer to Section 5) to be paid by the Successful Respondent to GO for exclusive access to a corridor into LBPIA. The optional provisions relate to vehicle maintenance, vehicle storage and joint ticketing.

1.4 Any requests for information and data required by the Respondent from GO in connection with the Process must be submitted to Transport Canada who will provide GO information and data to the Respondent, provided the Respondent has executed the confidentiality agreement required as part of the Process.

1.5 The Final Stakeholder Agreement between GO and the Respondent will have terms and provisions additional to those set forth in the Stakeholder Agreement Letter. In the case of GO, the Final Stakeholder Agreement may be comprised of a minimum of three separate agreements: this Stakeholder Agreement Letter; the Development Agreement; and the Operating Agreement. Subject to a reciprocal obligation on the part of the Respondent, GO agrees to negotiate all such agreements with the Successful Respondent in good faith in order that the Final Stakeholder Agreement may be settled, executed and delivered within the time periods described in Section 3.1 of this Stakeholder Agreement Letter.

1.6 At the written request of Transport Canada, GO shall, subject to appropriate access approvals, permit the Respondent and its representatives to have access to the USRC, the connections to Union Station and GO's Bloor Station for the purpose of obtaining information in order to permit the Respondent to prepare its Response.

2. EFFECTIVE PERIOD OF THIS STAKEHOLDER AGREEMENT LETTER

If Transport Canada does not select the Respondent as the Successful Respondent within two (2) years from the date on which the RFBC was issued, the obligations of GO under this Stakeholder Agreement Letter shall terminate and shall be of no further force or effect. If another Qualified Respondent is selected as the Successful Respondent and enters into Final Stakeholder Agreements with the Stakeholders within two (2) years after the date on which the RFBC was issued, the obligations of GO under this Stakeholder Agreement Letter shall terminate and be of no further force or effect. If the Respondent is selected as the Successful Respondent within two (2) years from the date on which the RFBC was issued, then the provisions of this Stakeholder Agreement Letter shall continue to apply for the benefit of the Respondent as provided in Section 3.1.

3. FINAL STAKEHOLDER AGREEMENT

3.1 If the Respondent is selected as the Successful Respondent, GO shall enter into a Final Stakeholder Agreement with the Respondent prior to 31 December, 2005. If the Final

Stakeholder Agreement is not entered into prior to 31 December, 2005, then this Stakeholder Agreement Letter shall terminate, without prejudice to any rights that GO and the Respondent may have against each other providing both parties have acted reasonably in their negotiations, which may have accrued to the date of termination.

3.2 GO is not currently aware of any reason why any terms and conditions described in Sections 4, 5 and 6 of this Stakeholder Agreement Letter would have to be materially amended or varied when the Final Stakeholder Agreement is negotiated with the Successful Respondent. However, once the Successful Respondent has been selected, GO may in its sole and subjective discretion agree with the Successful Respondent to change any terms and conditions described in Sections 4, 5 and 6 of this Stakeholder Agreement Letter. In such event, GO shall have no liability of any kind to the Respondent (if it is not selected as the Successful Respondent), and GO shall be under no obligation to advise the Respondent of any such change or variation.

3.3 If the Respondent has been selected as the Successful Respondent by Transport Canada pursuant to the Process, the provisions contained in Sections 4, 5, 6, 7, and 8 herein, shall only apply to the Respondent and shall be included in the Final Stakeholder Agreements. Otherwise such provisions shall not apply to the Respondent.

4. MANDATORY TERMS

4.1 General Conditions:

- (a) Final Stakeholder Agreement Becomes Effective - The Final Stakeholder Agreement between GO and the Respondent, will only become effective when and if the Respondent has obtained Final Stakeholders Agreements from each of GTAA and CN, and any agreement necessary from the City of Toronto to operate out of Union Station.
- (b) Evidence of Final Stakeholder Agreements - The Respondent must provide evidence acceptable to GO that the Final Stakeholder Agreements have been obtained from GTAA and CN, at such time as those Final Stakeholder Agreements are finalized.
- (c) Approvals — With the exception of all matters related to the *Ontario Environmental Assessment Act* and the *Canadian Environmental Assessment Act* as described in Section 4.2(a), the Respondent shall obtain all applicable Governmental Approvals necessary to permit:
 - (i) the design, construction and maintenance of the Spur Line; and
 - (ii) the operation and maintenance of the Air Rail Link service in the manner described in the RFBC.
- (d) Term — The Final Stakeholder Agreements will be for a term (“Term”) commencing on the date in which the Final Stakeholder Agreements become

effective and terminating on November 30, 2056.

- (e) Insurance - The Respondent shall provide evidence in a form acceptable to GO that all insurance necessary to design, construct, operate, and maintain the Air Rail Link has been obtained by the Respondent under terms and conditions acceptable to GO and consistent with rail passenger transportation in North America.
- (f) Commercial and Legal Terms and Conditions - The Final Stakeholder Agreement will incorporate commercial and legal terms and conditions common to rail passenger transportation, including default, remedies, risk allocation and insurance requirements, bankruptcy and insolvency protection, indemnities, restrictions on assignment and transfer as well as termination rights.
- (g) GO Corridor:
 - (i) GO to Acquire Access - GO shall assume all costs for and acquire access to a corridor which is generally described in Schedule "B" hereto (which may subsequently be amended in a non-material manner by the Respondent prior to land acquisition by GO). The GO Corridor and its alignments are further described in the report "Provisions for Air Rail Link at Pearson International Airport", Earth Tech Canada Inc., April 2003 ("Earth Tech Report") and the report "Concept Level Design of the Air Rail Link (ARL) — Spur Line Feasibility Study Phase 2. Junction with CN Weston Subdivision Southerly to Terminal New (Station NTB 1), Lester B. Pearson International Airport (LBPIA)", Delcan, April 2003, ("Delcan Report").
 - (ii) GO to Grant Exclusive Access — GO shall grant the Respondent an exclusive right of access to the GO Corridor for the purposes of designing, constructing, operating, and maintaining the Air Rail Link. The Respondent shall not extend this exclusive right of access to any other party without the prior written consent of GO.
 - (iii) Respondent to Compensate GO Acquisition Costs - The Respondent shall compensate GO for all costs incurred by GO to acquire access to the GO Corridor
 - (iv) Approval of Alignment — GO acknowledges that the GO Corridor and its alignments are conceptual in nature and may vary subject to final design. GO reserves the right to approve the final GO Corridor and its alignment, but such approval shall not to be unreasonably withheld, if the final GO Corridor generally conforms to the Air Rail Link alignments described in the Earth Tech Report and the Delcan Report.
 - (v) Respondent to Provide Survey - The Respondent shall, at its sole cost, provide GO with a legal survey that will define and fix the specific and final location of the GO Corridor.

- (vi) Period of Access — The Respondent shall have access to the GO Corridor commencing no later than the point in time that GO provides the written notice that GO has acquired access to the GO Corridor and shall terminate upon the expiry or earlier termination of the Term.
- (vii) Temporary Access During Construction - The GO Corridor does not include lay down areas or other temporary facilities that may be required during construction. Access to such lay down areas and such other temporary facilities will be the sole responsibility of the Respondent.
- (viii) Access for Utilities - GO has the exclusive right to grant access to the GO Corridor to third parties for utilities, including fibre optics, that may run through, under or over the GO Corridor. The Respondent shall agree to grant access to the GO Corridor to such third parties providing such access does not interfere with the operation and maintenance of the Air Rail Link.
- (h) Ownership of Spur Line — The Respondent shall own the Spur Line for the duration of the Term.
- (i) Costs and Expenses - The Respondent shall be responsible for all the costs and expenses associated with the operation and maintenance of the Air Rail Link service, and the design, construction, maintenance and operation of the Spur Line. GO shall not be required to fund or subsidize, directly or indirectly, any costs and expenses incurred by the Respondent in developing and operating the Air Rail Link. GO shall not be required to be a partner, joint venturer or agent of the Respondent and the Respondent shall undertake the design, construction, maintenance and operation of the Air Rail Link at its own risk and expense.
- (j) Save Harmless from Risks - The Respondent shall indemnify and save GO harmless from and against all construction, safety and environmental risks associated with the operation and maintenance of the Air Rail Link service and the design, construction, maintenance and operation of the Spur Line.

4.2

Development of Air Rail Link

- (a) Environmental Assessment:
 - (i) GO to Undertake EA Work — GO, as part of a broader environmental assessment for improvements to GO's rail network, shall complete all necessary applications, documentation and other work required ("EA Work") to,
 - (A) permit Responsible Authorities to fulfill their responsibilities and make a determination in accordance with the requirements of the *Canadian Environmental Assessment Act*, and

- (B) fulfill the requirements of the Ontario *Environmental Assessment Act*,

between Union Station and Brampton, including all EA Work for the Air Rail Link ("EA"). GO shall be the lead proponent and Transport Canada and the Successful Respondent shall be a co-proponent and will be responsible for providing all information specific to the Air Rail Link.

- (ii) Respondent to Co-operate with GO — The Respondent shall co-operate with GO, as required, regarding all EA Work.
 - (iii) GO to Assume Costs for EA Work - GO shall assume all costs to undertake the EA Work.
 - (iv) Respondent to Compensate GO - The Respondent shall compensate GO in the amount of \$500,000 for the EA Work. GO shall invoice the Respondent for the EA Work as the costs are incurred, on a 50/50 basis, up to \$250,000 including any carryover commitments or wind-up costs on early termination. On or before 31 December, 2005, the Respondent will compensate GO for the remaining 50/50 portion up to \$250,000.
 - (v) Notice of EA Completion - Within 7 days of completion of the EA under the *Canadian Environmental Assessment Act* and/or the Ontario *Environmental Assessment Act*, GO shall provide written notice to the Respondent informing the Respondent of this completion and the results.
 - (vi) Spur Line Mitigation, Monitoring and Follow-Up Work — The Respondent shall be responsible to complete all Mitigation Work, Monitoring and other Follow-Up Work for the Spur Line identified in the EA, and for all costs related thereto.
- (b) Improvements to CN Track and USRC:
- (i) GO to Complete All Works — GO, subject to federal and provincial funding commitments and full cooperation from CN, shall assume all costs for, design and construct all works ("Infrastructure Works") required to permit the Air Rail Link to operate at a 15 minute headway schedule along the CN Track and the USRC.
 - (ii) GO to Obtain Approvals:
 - (A) GO shall obtain all Governmental Approvals and all other approvals necessary to complete the Infrastructure Works.
 - (B) GO shall obtain all necessary approvals from CN and Canadian Pacific Railway.

(iii) Completion Deadline - GO shall, upon obtaining all requisite Governmental Approvals, enter into an agreement with the Successful Respondent to provide the Infrastructure Works at a mutually agreed upon completion date.

(c) Air Rail Link Station Stops:

(i) Union Station:

(A) GO shall provide access to the connections into Union Station for the Air Rail Link.

(B) GO shall, subject to federal and provincial funding commitments and approvals from Heritage Canada and the City of Toronto assume all costs for and complete all necessary works to permit the Air Rail Link to serve Union Station, including:

(I) any platform work (including a canopy), track work, and structural work. GO will provide a minimum 100 meter long platform, with high level access to trains, either adjacent to track 1 and the West Wing of Union Station or such other location as may be mutually agreed to by the parties;

(II) all staircases and elevators required to provide pedestrian vertical access from the platform to the station; and

(III) finishing all surfaces to a standard normally accepted by GO in its station facilities.

(C) If required, GO shall construct a new tunnel connecting Union Station to the Air Rail Link, if a tunnel is not already provided.

(ii) Dundas West Station:

(A) GO shall, subject to federal and provincial funding commitments, assume all costs for and complete, or cause to arrange to complete, all work required to permit the Air Rail Link to serve the Dundas West Station. This work includes all:

(I) track, platform (including canopy) and structural work (including an accessible ramp);

(II) connections required between GO's Bloor Station and the Toronto Transit Commission's Dundas West Station; and

(III) finishing all surfaces to a standard normally accepted by GO in its station facilities.

- (B) The Respondent shall notify GO prior to the execution of the Final Stakeholder Agreement as to whether Dundas West Station will be required as part of the Air Rail Link.
- (iii) Woodbine Station:
 - (A) GO shall, subject to federal and provincial funding commitments, assume all costs for and complete all track work required to permit the Air Rail Link to serve the Woodbine Station.
 - (B) The Respondent shall notify GO prior to the execution of the Final Stakeholder Agreement as to whether Woodbine Station will be provided as part of the Air Rail Link.
- (d) Design and Approval of Spur Line - Prior to undertaking the construction of the Spur Line within the GO Corridor, the Respondent shall obtain prior written approval from GO for all Spur Line plans and specifications. Such written approval shall be forthcoming providing all design and construction work shall conform to all applicable Governmental Approvals and, as applicable, the requirements of Orlando Corporation. GO Transit shall have no responsibility or liability whatsoever for the design or adequacy of the work done pursuant to the Stakeholder Agreement notwithstanding that any plans or specifications may have been reviewed or approved by GO Transit. No such review or approval by GO Transit of plans or specifications shall be deemed to limit the Respondent's full responsibility for the design and adequacy of the works required by the Stakeholder Agreement.
- (e) Vehicle Equipment Specifications - The Respondent shall utilize single level DMU vehicle technology with a minimum 50 passenger capacity that must:
 - (i) be able to operate along the Spur Line track and, in particular, be able to climb a 3% track grade from a standing start, and
 - (ii) be equipped with an appropriate automatic braking over-ride system that limits the speed entering the T1 New Station to 10 km/hr.
- (f) Construction Staging - Prior to the commencement of construction of the Spur Line, GO and the Respondent shall agree on how the Spur Line construction will be integrated with the construction of the Infrastructure Works at the junction of the Spur Line with the CN Track and on its construction schedule.
- (g) Constructor Designation - The Respondent's designated constructor shall be deemed to be the "constructor" for the purposes of applicable construction and health and safety legislation for the Spur Line construction on the GO Corridor.
- (h) The Respondent shall maintain, at its sole cost, as-built construction drawings of the Spur Line.

4.3

Operation of the Air Rail Link

- (a) Air Rail Link Service Schedule:
- (i) The Respondent shall work co-operatively with CN, GO and the GTAA in the development of the Service Schedule.
 - (ii) The Service Schedule will require the approval of GO, CN and the GTAA. The Respondent shall notify GO if any alterations are needed to the Service Schedule. GO's approval shall not be unreasonably withheld.
 - (iii) GO and the Respondent agree that the Service Schedule must:
 - (A) begin no later than 5:30 a.m. and terminate no sooner than 12:30 a.m. (midnight), 7 days per week / 52 weeks per year; and
 - (B) utilize a headway that will be 15 minutes throughout most of the day but must not be greater than 30 minutes (for greater certainty this means that service cannot be less frequent than every 30 minutes at any time between 5:30 a.m. and 12:30 a.m. midnight).
- (b) Train Control Along USRC:
- (i) GO shall assure the train control and dispatch along the USRC is provided. GO shall assign priorities and routing, in its complete discretion that will protect the safe and on-time operations of all on-time users.
 - (ii) GO and the Respondent shall adhere to the Service Schedule subject to on-time train priority, as determined by GO. Both parties shall work together to achieve on-time performance with a minimum of service alterations, which might otherwise inconvenience the users of the Air Rail Link service and other users of the USRC.
- (c) Heavy Rail Restriction - The Successful Respondent shall be responsible to spearhead the development and implementation and shall cooperate with CN and GO to develop and implement appropriate measures to prevent heavy passenger rail and freight trains from entering the Spur Line. The Successful Respondent shall assume all costs and expenses incurred by GO in connection with the development and implementation of the aforesaid prevention measures.
- (d) Security:
- (i) If the Respondent does not provide the Air Rail Link service for a continuous period of one hundred and eighty (180) days, GO may at its sole discretion require that the Spur Line located within the GO Corridor be removed and that the land be returned to its original condition. GO will require the Respondent to post security, in a form acceptable to GO, which will be a performance bond for the Term in an amount sufficient to

recover the costs of the removal of the Spur Line located within the GO Corridor and the restoration of the land.

- (ii) As security for the obligation of the Respondent to pay the Access Fee for the use of the USRC, the Respondent shall be required to post and maintain a performance bond in a form acceptable to GO equivalent to six (6) months of Access Fees. GO Transit may call on the performance bond at any time the Respondent goes at least three (3) months into arrears in the payment of Access Fees, for the amount of any deficiency up to the full value of the performance bond. This is provided as additional security for the obligations of the Respondent, and is not intended to limit the Respondent's liability for all fees owed under the Final Stakeholder Agreement.
- (e) Maintenance:
 - (i) The Respondent shall be responsible, at its sole cost and expense, for the maintenance of the Spur Line.
 - (ii) The Respondent shall be responsible, at its sole cost and expense, for the maintenance of the Air Rail Link DMU vehicles to the appropriate Governmental Approval standards.
- (f) Vehicle Storage: The Respondent shall secure an appropriate storage facility for the Air Rail Link DMU vehicles that conforms to all Governmental Approval standards.
- (g) Liability: GO and the Respondent shall enter into a standard multi-party sub-agreement that will define liability of the various users of the USRC, a copy of which is provided as one of the RFBC Reports.

5. **NEGOTIABLE TERMS**

- (a) Access Fee for the USRC and GO's Bloor Station:
 - (i) Access Fee – Bloor Station – The Respondent will be required to pay GO an access fee of \$25,000 per fiscal year (in 2003\$) (the "Bloor Station Access Fee"), effective on the commencement of DMU revenue operations. The Bloor Station Access Fee will be adjusted from August 19, 2003 to the commencement date by the Consumer Price Index (CPI) issued by Statistics Canada, and shall be adjusted annually on the anniversary date of the commencement date by the applicable CPI.
 - (ii) Base USRC Access Fee – The Respondent will be required to pay GO a base access fee for the USRC (the "Base USRC Access Fee") of \$750,000 per fiscal year (in 2003\$), effective on the commencement of the testing

and commissioning stage of DMU operations. The Base USRC Access Fee will be adjusted from August 19, 2003 to the commencement date by the CPI, and shall be adjusted annually on the anniversary date of the commencement date by the applicable CPI.

- (iii) USRC Partnership Access Fee – The Respondent shall pay GO the Base USRC Rate for the first ten (10) years of operation. If at any time after the end of the fifth year of operation, ridership meets the Halcrow 80 Case forecasts for a one year period, the Respondent shall instead pay a Partnership Access Fee of \$1.00 per passenger from that date forward. For the period commencing on the eleventh (11th) year of operations, the Respondent shall pay the greater of (A) the Base USRC Rate or (B) the USRC Partnership Access Fee of \$1.00 per passenger. If, at any time, the total number of passengers exceeds 3,740,000 one-way riders the Respondent will be required to pay to GO a USRC Partnership Access Fee of \$1.50 for each passenger on an ongoing basis, instead of \$1.00 for each passenger.
 - (iv) Payment of the Bloor Station Access Fee and the Base USRC Access Fee must be made to GO monthly, in twelve equal installments per year. At such time as the USRC Partnership Access Fee applies, payments of the new USRC Partnership Access Fee shall also be made monthly, based on the ridership for the immediately preceding month.
 - (v) Access Fee Adjusted - One (1) year from the date provided in Section 5(a)(i),(ii) and (iii), and for every year thereafter, GO will adjust the Access Fee annually by CPI. GO shall provide the Respondent with sixty (60) days notice prior to such adjustment.
 - (vi) Access Fee Does Not Cover - The Access Fee does not cover costs related to vehicle maintenance, vehicle storage, or joint ticketing.
- (b) GO Corridor:
- (i) Spur Line Access Fee - The Respondent shall be required to pay GO an access fee (“Spur Line Access Fee”) of a yearly fee of \$1, for access to the GO Corridor.
 - (ii) Spur Line Access Fee Begins - Payment of the Spur Line Access Fee will begin on the first day of the month following the month that the Air Rail Link commences revenue service.

6. OPTIONAL PROVISIONS

- (a) Vehicle Maintenance - GO may provide a quotation for vehicle maintenance services and is prepared to negotiate with the Respondent, subject to final design

selection, inventory size, inspection / maintenance frequency etc., and consultation with the equipment manufacturer. Maintenance and inspections services would be at negotiated rates.

- (b) Joint Ticketing - GO may consider joint ticket sales with the Air Rail Link subject to negotiations with the Respondent.
- (c) Vehicle Storage - GO will provide a quotation for vehicle storage services and is prepared to negotiate with the Respondent to provide such services at either GO's North Bathurst Yard or the Don Yard, or such other locations in the USRC as may be mutually agreed.

7. NON-COMPETITION

For the duration of the Process and until Transport Canada informs GO in writing that the Process is terminated or GO has entered into a Final Stakeholder Agreement with the Successful Respondent, whichever first occurs, GO shall negotiate exclusively with the Respondent should it be selected as the Successful Respondent in connection with the Air Rail Link and shall not, directly or indirectly,

- (a) solicit, facilitate, initiate contact with or solicit or encourage in any manner, any inquiries or proposals or offers from,
- (b) participate in any discussions or negotiations with,
- (c) furnish or cause to be furnished, any information to,
- (d) afford any access to its properties, books or records to, or
- (e) otherwise assist, facilitate or encourage,

any individual, person or entity, other than the Respondent or its representatives, in connection with the Air Rail Link.

8. NEGOTIATED TERMS

- (a) GO will provide a staging track location for a standby train adjacent to the platform on track 1 or to the east of the platform, or at such other location within the USRC as may be mutually agreed, provided such staging location will not limit the normal operation of train services at Union Station.
- (b) GO confirms that it will not charge access fees to the Respondent for access to the Union Station Rail Corridor for the purpose of construction of any improvements at Union Station required for the Air Rail Link and GO will require plan sign-off

of construction drawings.

- (c) GO agrees to develop with the Respondent a schedule for the completion and commissioning of all Infrastructure.
- (d) GO confirms that it will not provide a Waiting Lounge, Ticket Handling and Baggage Handling Facilities related to the services of the Air Rail Link.

9. GENERAL

Time is of the essence for this Stakeholder Agreement Letter. This Stakeholder Agreement Letter shall be governed by and construed in accordance with the laws of the Province of Ontario. Each party submits to the jurisdiction of the courts of Ontario with respect to any matter arising under or related to this Stakeholder Agreement Letter. Each party shall bear its own costs and expenses with respect to any matter arising under or related to the Process, this Stakeholder Agreement Letter and the Final Stakeholder Agreement. This Stakeholder Agreement Letter shall enure to the benefit of and shall be binding upon GO and the Respondent and their respective successors. This Stakeholder Agreement Letter and the rights of the parties hereunder are not assignable.

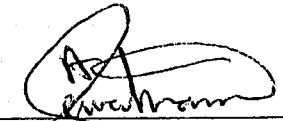
Sincerely,



Gary McNeil
Managing Director and Chief Executive Officer

Union Pearson AirLink Group hereby accepts and agrees to the foregoing this 12th day of May, 2004 and agrees that it will negotiate the Final Stakeholder Agreement with GO in good faith so that the Final Stakeholder Agreement may be settled, executed and delivered within the time period set forth in Section 3.1 of the foregoing Stakeholder Agreement Letter. Union Pearson AirLink Group agrees that it may be liable to GO for any failure to comply with this obligation.

Union Pearson AirLink Group



Authorized Officer

SCHEDULE A

GLOSSARY OF TERMS

“**Access Fee**” has the meaning set forth in Section 5 of this Agreement.

“**Agreement**” means this GO Stakeholder Agreement Letter.

“**Air Rail Link**” has the meaning set forth in this Agreement.

“**APM Station**” means the airport people mover station that is to be designed, built and operated by GTAA as described in the Earth Tech Report at TI New.

“**City of Toronto**” means the Corporation of the City of Toronto.

“**CN**” means the Canadian National Railway Company.

“**CN Track**” means the portion of the CN Weston Subdivision from its junction with the Spur Line to its junction with the USRC.

“**Delcan Report**” has the meaning set forth in Section 4.1(g)(i) of this Agreement.

“**Development Agreement**” means the development and construction agreement to be entered into by GO and the Successful Respondent as part of the Final Stakeholder Agreement between such parties.

“**DMU**” means Diesel Multiple Unit rail vehicles.

“**Dundas West Station**” has the meaning set forth in the RFBC.

“**EA**” has the meaning set forth in Section 4.2 of this Agreement.

“**EA Work**” has the meaning set forth in Section 4.2 of this Agreement.

“**Earth Tech Report**” has the meaning set forth in Section 4.1 of this Agreement.

“**Final Stakeholder Agreement**” means the final agreement or agreements between each Stakeholder and the Successful Respondent which are necessary to implement the provisions of the Stakeholder Agreement Letter of the Major Stakeholders and the terms and provisions of the letters of the Minor Stakeholders to Transport Canada and attached to the RFBC, as well as all other ancillary terms and provisions which are agreed between such Stakeholder and the Successful Respondent.

“**Financial Close**” means the date that the first disbursement from the financing arranged by UPAG for the Air Rail Link is made.

“**GO Corridor**” means the portion of the Conceptual Spur Line Alignment, as generally defined in Schedule B hereto, that extends from the limits of LBPIA to the CN Track and generally crosses over Properties 1, 2, 16, 11, 13, 5, 6, 7, 8, 9, and 10.

“Governmental Approvals” means any qualification, approval, authorization, consent, privilege, concession, franchise, license, permit or certificate from any Governmental Authority.

“Governmental Authority” means any government or governmental or regulatory body thereof, or any agency thereof, that has, in each case, asserted jurisdiction over the matter in question.

“GTAA” means the Greater Toronto Airports Authority.

“Halcrow 80 Case Forecasts” means the 80% Confidence Level of Ridership contained in the Revenue & Ridership Study produced by the Halcrow Group Ltd with Cansult Ltd dated May, 2002, as more particularly described in Schedule C.

“Infrastructure Works” has the meaning set forth in Section 4.2(b)(i) of this Agreement.

“LBPIA” means the Toronto-Lester B. Pearson International Airport.

“Major Stakeholders” means:

Canadian National Railway Company
GO Transit
Greater Toronto Airports Authority

“Minor Stakeholders” means:

The Corporation of the City of Mississauga
The Corporation of the City of Toronto
Ontario Ministry of Transportation
Orlando Corporation
The Regional Municipality of Peel
Toronto and Region Conservation Authority
Woodbine Entertainment Group
VIA Rail Canada Inc.

“Mitigation Work” means any works that must be constructed along the GO Corridor to enable the Air Rail Link to comply with the EA.

“NTB1 Station” means the reference used in the Earth Tech Report and the Delcan Report to describe the APM Station that will be extended to include the Ti New Station.

“Operating Agreement” means the operating and maintenance agreement to be entered into between GO and the Successful Respondent as part of the Final Stakeholder Agreement between such parties.

“Process” has the meaning set forth in the RFBC.

“Qualified Respondents” means:

Consortia
Member Firms

Union Pearson AirLink Group SNC-Lavalin
Inc., SNC-Lavalin Engineers & Constructors Inc.,
CANAC Inc., Strasman Architects Inc., Fraser
Milner Casgrain LLP, SNC-Lavalin Capital Inc.,
BMO Nesbitt Burns, Scotia Capital Inc.

GTA LRT Consortium

Aecon Group Inc. and Alstom Canada Inc.

N/A

Macquarie North America Ltd. and Arup Canada
Inc.

“RFBC Reports” means has the meaning set forth in the RFBC.

“Response” means any response to the RFBC submitted by a Qualified Respondent.

“Respondent” means the Qualified Respondent to whom this Stakeholder Agreement Letter is addressed.

“Responsible Authority” has the meaning as set out in the *Canadian Environmental Assessment Act*.

“Responsible Authority Notice” has the meaning set forth in Section 4.2(a)(i) of this Agreement.

“RFBC” has the meaning set forth in this Agreement.

“RFEOI” has the meaning set forth in this Agreement

“Service Schedule” has the meaning set forth in Section 4.3(a) (iii).

“Spur Line” means the portion of the Air Rail Link comprised of the foundations, piers, fencing, guideways, decking, track, track ballast, track appliances, special track work, signals, communication equipment and any Mitigation Works, that may be constructed from the CN Weston Subdivision (just west of Highway 427) to the limits of the proposed TI New Station.

“Spur Line Access Fee” has the meaning set forth in Section 5(b)(i) of this Agreement.

“Stakeholder” has the meaning as set forth in this Agreement.

“Stakeholder Agreement Letter” means this letter agreement and other letter agreements between each Qualified Respondent and each Major Stakeholder setting forth the terms upon

which such Major Stakeholder is prepared to become involved in the Air Rail Link, as the same may be amended, replaced or restated pursuant to the terms of such letter agreements.

“Successful Respondent” has the meaning set forth in this Agreement.

“T1 New Station” means the extension of the APM Station required to accommodate the Air Rail Link.

“T1 New” means the new terminal currently under construction by GTAA at the LBPIA.

“Term” has the meaning set forth in Section 4.1(d) of this Agreement.

“Transport Canada” means Her Majesty the Queen in right of Canada as represented by the Minister of Transport.

“Union Station” means the Toronto Union Station.

“USRC” means the portion of the Union Station Rail Corridor from its junction with the CN Track to Toronto Union Station.

“Woodbine Station” has the meaning set forth in the RFBC.

**SCHEDULE B
GO CORRIDOR**

To be completed by the parties

SCHEDULE C
Halcrow 80 Case Forecasts

Year	Halcrow 80%	
2010	1,869,502	60% of projected ridership
2011	2,893,864	90% of projected ridership
2012	3,287,977	100% of projected ridership
2013	3,361,028	
2014	3,432,774	
2015	3,504,162	
2016	3,575,197	
2017	3,646,636	
2018	3,716,855	
2019	3,786,720	
2020	3,856,972	
2021	3,926,077	
2022	4,002,994	
2023	4,079,977	
2024	4,156,907	
2025	4,234,713	
2026	4,311,643	
2027	4,388,559	
2028	4,465,556	
2029	4,542,485	
2030	4,619,414	
2031	4,696,398	
2032	4,773,328	
2033	4,851,064	
2034	4,928,061	
2035	5,004,978	
2036	5,055,037	
2037	5,105,563	
2038	5,156,668	
2039	5,453,531	

Growth continues at 1%/year

Ridership ramp-up during the first 3 years is shown as 60%, 90% and 100% the third year.