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< DRAFT LETTERHEAD OF STAKEHOLDER – SUBJECT TO APPROVAL>

Her Majesty the Queen in right of Canada
as represented by the Minister of Transport
330 Sparks Street
Ottawa, ON
K1A 0N5

May 22, 2003

RE: Air Rail Link between Toronto Union Station and Toronto-Lester B. Pearson International Airport ("LBPIA")

Her Majesty the Queen in right of Ontario as represented by the Minister of Transportation ("MTO") acknowledges that Her Majesty the Queen in right of Canada ("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 to persons interested in financing, designing, constructing, operating and maintaining the Air Rail Link, a passenger railway service between Toronto Union Station and Toronto-Lester B. Pearson International Airport ("LBPIA").

MTO also acknowledges that, pursuant to the RFEOI, Transport Canada qualified four respondents (each a "Respondent"). Transport Canada proposes to issue to each Respondent a "Request for Business Case, Air Rail Link from Toronto-Lester B. Pearson International Airport to Toronto Union Station" ("RFBC") dated May 2003 requesting a business case response ("Response") for financing, designing, constructing, operating and maintaining the passenger rail service ("Air Rail Link") from Toronto Union Station through the Union Station Rail Corridor and the CN Weston Subdivision and along the track and guideway structure ("Spur Line") that may be constructed from the CN Weston Subdivision (just west of Highway 427) to the limits of the proposed station within LBPIA. MTO has an interest and is a stakeholder in the proposed Air Rail Link, as MTO regulates development in the vicinity of the Highway 427 corridor and holds title to land that may be required for the Spur Line and as such, the involvement of MTO in the Air Rail Link is required.

MTO understands that there are a number of other stakeholders in addition to MTO (each a "Stakeholder"), whose collective involvement in the Air Rail Link is required, and that they are issuing letters to Transport Canada with respect to the terms and conditions of their involvement in the Air Rail Link. MTO understands that for those Stakeholders who are providing some form of access to their facility, such as the Canadian National Railway Company, Greater Toronto Airports Authority ("GTAA") and GO Transit, there is a more comprehensive stakeholder agreement letter ("Stakeholder Agreement Letter") which stipulates terms and conditions. For Stakeholders such as MTO, the Cities of

Toronto and Mississauga, the Region of Peel, the Toronto and Region Conservation Authority, the Orlando Corporation, and others, Transport Canada has requested that such Stakeholders provide, in letters similar to this, the general terms and conditions ("Stakeholder Terms") of the involvement of such Stakeholders in the Air Rail Link.

The Stakeholder Terms for MTO are set forth in this letter and outline the terms and conditions upon which MTO will make MTO owned lands available for the Spur Line and the details regarding the regulation of development in the vicinity of the Highway 427 corridor.

MTO also understands that there will be final stakeholder agreements between all Stakeholders, including MTO, and the Respondent selected by Transport Canada as the successful respondent ("Successful Respondent"), that will formalize the terms and conditions contained in the Stakeholder Agreement Letters and the Stakeholder Terms.

Transport Canada has provided MTO with the elements of a conceptual alignment of the proposed Spur Line as described in the "Concept Level Design of the Air Rail Link – Spur Line, Feasibility Study Phase 2, dated April 2003 ("Delcan Report"). MTO understands that this letter will be annexed to the RFBC for the information of the Respondents.

In consideration of Transport Canada acting as a facilitator of the process ("Process") that will be used by Transport Canada to select the Successful Respondent and for the Successful Respondent to enter into the Final Stakeholder Agreements with the Stakeholders, of the proceeds from property the MTO may sell to the Successful Respondent and of other good and valuable consideration, MTO agrees with Transport Canada as follows:

1. The role of Transport Canada is to facilitate the Process. The selection will then permit the Successful Respondent to enter into Final Stakeholder Agreements with each of the Stakeholders to implement the terms and conditions of each Stakeholder Agreement Letter and each of the Stakeholder Terms.

2. The Air Rail Link can only be designed, constructed, operated and maintained through agreements ("Final Stakeholder Agreements") between the Successful Respondent and each Stakeholder.

3. In order for each Respondent to submit a Response, such Respondent must have certainty as to the terms and conditions on which MTO is prepared to enter into a Final Stakeholder Agreement with such Respondent, should it be selected as the Successful Respondent. This letter provides the specifics of such terms and conditions.

4. In the case of MTO, the Final Stakeholder Agreement will consist at a minimum of three deeds/transfers of land. The Final Stakeholder Agreement between MTO and the Respondent may have terms and provisions additional to those set forth in this letter. MTO agrees to negotiate the Final Shareholder Agreement with the Successful Respondent in good faith in order that the Final Stakeholder

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(a) generally conforms to the alignment described in the Delcan Report; and

(b) complies with Section 7.

10. MTO understands that any requests for information and data required by a Respondent from MTO in connection with the Process will be submitted to Transport Canada who will provide the MTO information and data to such Respondent.

11. At the written request of Transport Canada, MTO will permit the Respondents and their representatives to have access to Properties 1, 2 and 16 for the purpose of obtaining information in order to permit the Respondents to prepare responses to the RFBC.

12. MTO acknowledges and agrees that:

(a) Transport Canada will not be a part of or involved in any negotiations between any Respondent and MTO; and

(b) Nothing contained in this letter nor any acts of MTO or Transport Canada shall constitute or be deemed to constitute MTO and Transport Canada as partners, joint venturers or principal and agent in any way or for any purpose. MTO shall not represent or hold itself out to be an agent of Transport Canada.

13. For the duration of the Process, MTO shall negotiate exclusively with the Successful Respondent in connection with the Air Rail Link.

14. MTO agrees to provide Transport Canada with a copy of the Final Stakeholder Agreement between it and the Successful Respondent once it has been executed and delivered.

15. MTO shall cooperate with Transport Canada, the Stakeholders, and the Respondents in order to facilitate the creation of the Air Rail Link and shall act reasonably with respect to any issues which arise with respect to the involvement of MTO in the Air Rail Link which are not specifically addressed in this letter.

16. This letter is a binding undertaking of MTO in favour of Transport Canada. It shall be governed by and construed in accordance with the laws of the Province of Ontario and it shall enure to the benefit of Transport Canada and its successors and assigns and shall be binding upon MTO and its successors.

<Authorized Individual>

By:_____

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