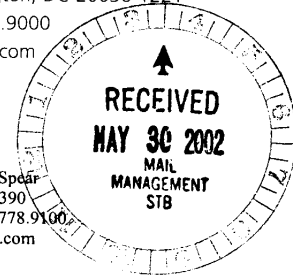


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May 30, 2002

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VIA HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

ENTERED
Office of the Secretary

MAY 31 2002

Part of
Public Record

Re: **Finance Docket No. 34014** *205511*
**Canadian National Railway Company -- Trackage Rights Exemption --
Bangor And Aroostook Railroad Company, And Van Buren Bridge
Company**
Finance Docket No. 34015 *205512*
**Waterloo Railway Company -- Acquisition Exemption --
Bangor And Aroostook Railroad Company, And Van Buren Bridge
Company**

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Trustee's Reply To Petition of Fraser Papers Inc. for Leave to Intervene** dated May 30, 2002.

Should any questions arise regarding this filing, please feel free to contact me.
Thank you for your assistance on this matter.

Respectfully submitted,

Tracie D. Spear
Attorney for Trustee of Bangor & Aroostook
Railway Company

Enclosures

BEFORE THE
SURFACE TRANSPORTATION BOARD



FINANCE DOCKET NO. 34014 - 205511

CANADIAN NATIONAL RAILWAY COMPANY
-- TRACKAGE RIGHTS EXEMPTION --
BANGOR AND AROOSTOOK RAILROAD COMPANY, and
VAN BUREN BRIDGE COMPANY

FINANCE DOCKET NO. 34015 - 205512

WATERLOO RAILWAY COMPANY
-- ACQUISITION EXEMPTION --
BANGOR AND AROOSTOOK RAILROAD COMPANY, and
VAN BUREN BRIDGE COMPANY

**TRUSTEE'S REPLY TO PETITION OF FRASER PAPERS INC.
FOR LEAVE TO INTERVENE**

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**ATTORNEYS FOR TRUSTEE OF BANGOR &
AROOSTOOK RAILWAY COMPANY**

Dated: May 30, 2002

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34014

CANADIAN NATIONAL RAILWAY COMPANY
-- TRACKAGE RIGHTS EXEMPTION --
BANGOR AND AROOSTOOK RAILROAD COMPANY, and
VAN BUREN BRIDGE COMPANY

FINANCE DOCKET NO. 34015

WATERLOO RAILWAY COMPANY
-- ACQUISITION EXEMPTION --
BANGOR AND AROOSTOOK RAILROAD COMPANY, and
VAN BUREN BRIDGE COMPANY

**TRUSTEE'S REPLY TO PETITION OF FRASER PAPERS, INC.
FOR LEAVE TO INTERVENE**

On April 24, 2002, James E. Howard, Esq., Trustee of the Bangor and Aroostook Railroad Company, Debtor ("Trustee") filed Trustee's Petition to Reopen and Revoke Exemptions in the above-referenced proceedings. Canadian National Railway Company and Waterloo Railway Company filed a reply to Trustee's petition on May 9, 2002. On May 15, 2002, Fraser Papers Inc. ("Fraser") filed a petition for leave to intervene and become a party in the above-referenced proceeding.

The Trustee has no objections to Fraser's petition to intervene provided that the Surface Transportation Board accepts the attached Verified Statement of Fred W. Yocum, Jr.

Respectfully submitted,



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**ATTORNEYS FOR TRUSTEE OF BANGOR &
AROOSTOOK RAILWAY COMPANY**

Dated: May 30, 2002

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34014

CANADIAN NATIONAL RAILWAY COMPANY
-- TRACKAGE RIGHTS EXEMPTION --
BANGOR AND AROOSTOOK RAILROAD COMPANY, and
VAN BUREN BRIDGE COMPANY

FINANCE DOCKET NO. 34015

WATERLOO RAILWAY COMPANY
-- ACQUISITION EXEMPTION --
BANGOR AND AROOSTOOK RAILROAD COMPANY, and
VAN BUREN BRIDGE COMPANY

VERIFIED STATEMENT OF FRED W. YOCUM, JR.

My name is Frederic W. Yocum, Jr.

My involvement with the Bangor and Aroostook Railroad (BAR) began as a result of the financial restructuring of that railroad and its affiliate companies under Iron Road Railways on August 19, 1999. As a result of that restructuring, Progress (a supplier of various goods and services to railroads) obtained the right to appoint one director to Iron Road and each subsidiary in the Bangor and Aroostook System (BAR, Canadian American, Northern Vermont, Newport & Richford, Quebec Southern, Van Buren Bridge, and Logistics Management Systems). I became that director. In February, 2001, I was elected President of each of those subsidiaries. I have recently been replaced as a director of Iron

Road but continue to serve as President of the same companies as before. With respect to BAR and Van Buren Bridge, I do so at the pleasure of the Trustee of the BAR.

The purpose of this statement is limited to correcting an impression created by Mr. Austin S. Durant of Fraser Paper. I was aware of the negotiations with Canadian National ("CN") which gave rise to the trackage rights and junction settlement agreements between the carriers. I was involved in discussions of our position in those negotiations. While Fraser was not a party in those negotiations, I personally made certain that Mr. Durant and Fraser Paper were agreeable with the proposed outcome of those negotiations, particularly the Junction Settlement Agreement. He assured me that he and Fraser were agreeable.

Mr. Durant makes much of the fact that Fraser was not served with Trustee's Petition to Reopen and Revoke Exemption. Certainly the Petition was no surprise to Fraser. I discussed the possibility of our filing such a petition in a meeting in his offices in Connecticut on February 26, 2002. I have also had two subsequent telephone conversations with Mr. Durant about this matter. The second of those notified him specifically of what actions we were planning to take on this matter before both the STB and the Bankruptcy Court. With respect to the notice, Fraser was similarly treated by CN when the Notices of Exemption were filed. This simply reflects the fact that neither carrier viewed Fraser as being a party to the agreement at issue.

The inter-carrier negotiations were conducted in a setting of financial crisis and were motivated by a need to raise immediate working capital to enable BAR to meet its common carrier obligations throughout its system. In other words, they were intended

to protect the interests of all of BAR's shippers, including Fraser, not just to benefit Fraser Paper alone.

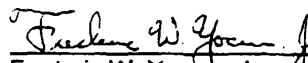
Fraser was not a participant in our negotiations, and any special benefits it now claims were at best a windfall. Creation of a competitive advantage for Fraser was simply not the purpose of our negotiations. Furthermore, the transaction did not fundamentally change the pre-existing competitive situation. Fraser has had for a long time, and continues to have, 3 competitive routes out of the region – via CN, CP or Guilford – for its traffic at Madawaska. I think that the characterization of the agreements with CN as creating a 2 for 1 competitive situation is particularly misleading. The physical handling of Fraser's business is identical now with what it was before the agreements were put into place. It would be identical were the agreements rejected and we were to go back to the previous arrangements. What has changed is the commercial routing. The traffic, from a rate perspective, is now routed "CN" whereas it was previously "BAR – CN." What has happened for this traffic is that there has been a 1 for 1 substitution. This traffic moved by one route to CN previously, and now still moves to CN, albeit with a different commercial routing. Based on my information and belief, the amount that Fraser pays for these movements is identical to what it paid before the agreements. BAR has maintained the same level of service to Fraser, and, to my knowledge, there has been no complaint concerning the service.

I can understand that Mr. Durant wants what all shippers want: "access to two railroads and the security and competitive benefits that that provides." p. 4. But wishful thinking cannot now place Fraser at the negotiation table.

In light of the changed circumstances and the pending matter in the Bankruptcy Court concerning the Trustee's motion to reject the underlying contracts supporting the trackage rights, it would be ironic if Fraser could now somehow block reopening and revocation and breathe life into the unused trackage rights by virtue of its fortuitous bystander status.

VERIFICATION

I, Frederic W. Yocum, Jr., verify under penalty of perjury laws of the United States that the foregoing statement is true and correct. Further, I certify that I am qualified to make such statement on behalf of the Bangor & Aroostook Railroad Company


Frederic W. Yocum, Jr.

Dated: May 29, 2002

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 30th day of May, 2002, a copy of the foregoing **Trustee's Reply to the Petition of Fraser Papers Inc. For Leave to Intervene** and the attached **Verified Statement of Frederic W. Yocum, Jr.** was served upon the following persons by overnight delivery:

John P. Borgwardt
Fraser Papers, Inc.
70 Seaview Avenue
Stamford, CT 06902

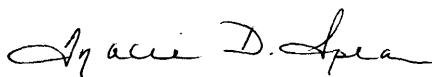
and upon the following persons by first-class mail, postage prepaid:

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Tracie D. Spear