

LEONARD, STREET AND DEINARD

PROFESSIONAL ASSOCIATION

206165

September 6, 2002

Diane P. Gerth

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VIA MESSENGER

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street NW
Washington DC 20423



***Re: Finance Docket No. 34004, Canadian Pacific Railway Company and
Napierville Junction Railway Company – Corporate Family Transaction – St.
Lawrence & Hudson Railway Company Limited***

Dear Mr. Williams:

Enclosed for filing in the above-captioned proceeding are the original and ten (10) copies of Canadian Pacific Railway Company's Opposition to Petition to Reopen, Verified Statement of Fred Green, Verified Statement of Murray Ross, and Verified Statement of Robin Mullaney. I have enclosed an additional copy of the filings, along with an additional copy of this letter. Please date-stamp these items and return them to the undersigned in the enclosed self-addressed, stamped envelope.

Very truly yours,

LEONARD, STREET AND DEINARD
Professional Association

Diane P. Gerth
DPG:mab

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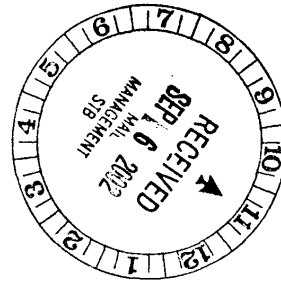
cc: Karen Cline
Paul Guthrie
William Tuttle
Murray Ross
Robin Mullaney

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LAW OFFICES IN MINNEAPOLIS, SAINT PAUL AND MANKATO

206165

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.



STB Finance Docket No. 34004

CANADIAN PACIFIC RAILWAY COMPANY AND NAPIERVILLE JUNCTION RAILWAY
COMPANY – CORPORATE FAMILY TRANSACTION – ST. LAWRENCE & HUDSON
RAILWAY COMPANY LIMITED

CANADIAN PACIFIC RAILWAY COMPANY'S
OPPOSITION TO PETITION TO REOPEN

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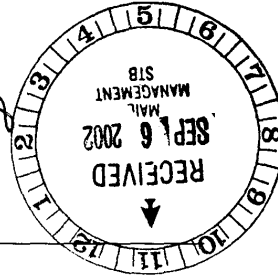
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CANADIAN PACIFIC RAILWAY

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BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.



STB Finance Docket No. 34004

CANADIAN PACIFIC RAILWAY COMPANY AND NAPIERVILLE JUNCTION RAILWAY
COMPANY – CORPORATE FAMILY TRANSACTION – ST. LAWRENCE & HUDSON
RAILWAY COMPANY LIMITED

CANADIAN PACIFIC RAILWAY COMPANY'S
OPPOSITION TO PETITION TO REOPEN

The Canadian Pacific Railway Company ("CPR") files this opposition to Karen Cline's Petition to Reopen docketed at the Surface Transportation Board on August 19, 2002. CPR opposes the petition of Cline on a number of grounds, and hereby submits this response to her petition. As more fully outlined below, CPR argues that Cline is using a procedurally flawed approach to obtain labor protective benefits, is already receiving other benefits, and in any event, is not entitled to the relief sought because the railroad's elimination of Cline's position in Detroit, Michigan and its relocation is unconnected with the transaction in this docket.

FACTUAL AND PROCEDURAL BACKGROUND

In 1996, the St. Lawrence & Hudson Railway Company Limited ("St. L&H") was created as a wholly owned subsidiary of Canadian Pacific Railway Company. At that time, a Notice of Exemption was filed with the Surface Transportation Board in regard to St. L&H's acquisition of interest in U.S. trackage at three border crossings. See, Canadian Pacific Limited, Canadian Pacific Railway Company and Napierville Junction Railroad Company – Corporate

Family Transaction – St. Lawrence & Hudson Railway Company, Ltd., Finance Docket No. 33136, filed September 23, 1996.

The St. L&H was created in 1996 as a separate legal entity to own and control all of CPR's eastern Canada rail properties. The transaction at that time was designed to improve service and financial performance by focusing CPR's railroad operating units on the business opportunities specific to this geography. See Verified Statement of Fred J. Green, Senior Vice President Marketing and Sales. The establishment of a separate entity was done to accomplish these corporate goals.

In later years, it was determined that a more consistent organizational approach was necessary across CPR's entire rail network. In his Verified Statement, Fred J. Green outlines the reasons that a reintegration of the eastern rail properties was deemed to be necessary. To achieve the goals of clarity, simplicity and cost efficiency, at the close of calendar year 2000, the St. L&H was reabsorbed into the parent company of CPR. The reintegration was done to achieve a level of uniformity within the corporate structure, and there were no planned personnel changes other than the departure of the St. L&H leadership residing in Canada. There were no changes in service levels, operational changes or changes within the competitive balance with carriers outside the CPR corporate family either anticipated or envisioned by the corporate reintegration. See, Canadian Pacific Railway Company and Napierville Junction Railway Company – Corporate Family Transaction – St. Lawrence & Hudson Railway Company, Ltd., Finance Docket No. 34004, filed January 31, 2001. That transaction involved merely the change in corporate ownership of three short trackage segments in the United States at border crossings in Detroit, Michigan, Niagara Falls, New York, and Rouse's Point, New York. These are the same U.S. properties that were at issue in the 1996 filing in Finance Docket No. 33136.

In October 2001, CPR announced a reorganization of its border services functions in order to improve operating efficiencies and lower its costs in providing these services to customers. In his Verified Statement, Murray Ross, Manager, Billing and Border Services, outlines the reasons leading up to the decision to reorganize and consolidate the border services functions in Winnipeg, Manitoba. An examination of the levels of personnel and coordination observed in CPR's competition showed that by using a centralized location and newly available technology, CPR felt it could improve its operations and the service levels provided to its customers. At that time, CPR announced the consolidation of those positions in Winnipeg, Manitoba and the elimination of unnecessary positions, including several in Detroit, Michigan.

On October 15, 2001, notice was given to those employees in the Detroit area that the carrier was going to initiate an organizational change by relocating the custom and border service work that was then performed in Detroit to Winnipeg. (See Exhibit A to Verified Statement of Murray Ross.) Following the announcement, CPR began negotiations with the collective bargaining representative of the employees in Detroit, the United Steel Workers of America, TC Local 1976. On January 21, 2002, an Implementing Agreement pursuant to the Collective Bargaining Agreement between the parties was signed. (Exhibit B to Verified Statement of Murray Ross.) This Agreement spelled out severance benefits for those employees displaced by the border services reorganization. The Agreement called for either a lump sum payment of \$50,000 or a multi-year monthly payment. Following the negotiated settlement, CPR served notice in January 2002 that assignments in Detroit were being abolished and work was being transferred to Winnipeg as of February 5, 2002. (See Exhibit C to Verified Statement of Murray Ross.) The functions formerly performed by employees in Detroit were transferred to Winnipeg effective February 5, 2002.

In 2002, Karen Cline was working for CPR in Detroit and was one of those employees whose positions were eliminated. An employee since 1986, Cline had performed functions as a Transportation Service Representative. Her bargaining unit was represented by the United Steel Worker's Union, TC Local, 1976. As a result of her work being relocated to Winnipeg and her position in Detroit being eliminated, Cline elected to receive benefits under the Implementing Agreement. On March 8, 2002, she signed a letter accepting benefits under the January 21, 2002 implementing agreement, and is currently receiving those benefits. (See Exhibit D to Verified Statement of Murray Ross.) She has accepted benefits under the agreement negotiated by her union and has opted for a monthly allowance receiving monthly benefits of \$1,470.59 through late 2004. She is also being provided benefit plan coverage through that date as well. As explained in the Verified Statement of Robin Mullaney, Cline continues to receive these benefits.

Despite already choosing to accept the implementing agreement and accepting cash payments and non-cash benefits under it, Cline attempted to claim additional benefits under the standard labor protection benefits that were imposed in Finance Docket No. 34004, the intra-family corporate transaction that had taken place at the end of 2000, wherein the St. L&H was reabsorbed into CPR. In a letter to the railroad dated April 19, 2002, Cline claimed that she was entitled to standard labor protective conditions under New York Dock Railway-Control-Brooklyn Eastern District, 306 I.C.C. 60 (1979). See Exhibit A to Verified Statement of Robin Mullaney. The request was directed to two managers, Don Brazier and A.J. Roberts. Mullaney instructed the legal counsel that had been involved in the negotiation of the Implementing Agreement to respond to Cline and to inform her that because the border services reorganization was wholly unrelated to the corporate restructuring, she was not entitled to labor protective

benefits under New York Dock. Counsel's letter denying the labor protective benefits is attached to Mullaney's Verified Statement as Exhibit B.

Cline continued to press her claim for New York Dock protection, sending letters to managers, including one that had already retired. On July 25, 2002, Cathryn Frankenberg, Assistant Vice President of Labor Relations and Human Resources – US, responded to Cline, reiterating the denial of the additional labor protection. See Exhibits E and F to Mullaney Verified Statement.

In the meantime, Cline pursued her claim to protective benefits to the Surface Transportation Board in several letters to the Board. Finally, on July 27, 2002 she attempted to file the current petition seeking an order of the Board that would reopen the intra-family corporate transaction proceeding in Finance Docket No. 34004 and impose oversight in this transaction. In doing so, she failed to perfect her petition by filing the requisite fee. This matter was corrected on August 19, and the petition is now before the Board. For the reasons outlined below, the petition should be denied.

ARGUMENT

CPR argues that the approach taken by Cline is procedurally flawed in that the appropriate manner for securing New York Dock labor protective conditions is through arbitration that she has failed to request or pursue. Moreover, even if she had followed the proper procedures and was not already receiving benefits, she cannot demonstrate that the border services reorganization resulting in the loss of her job came about because of a corporate status change that took place over a year before her job was abolished.

1. **Cline Has Failed To Follow the Necessary Steps to Secure Benefits.**

It is uncontroverted that Cline has failed to take the steps necessary to bring her claims to an arbitral board as required under the procedural provisions of the very decision she is attempting to use to claim the benefits.

Article 1, Section 11 of New York Dock provides in pertinent part:

11. In the event the railroad and its employees or their authorized representatives cannot settle any dispute or controversy with respect to the interpretation, application or enforcement of any provision of this appendix . . . within 20 days after the dispute arises, it may be referred by either party to an arbitration committee. . . .

* * *

- (e) In the event of any dispute as to whether or not a particular employee was affected by a transaction, it shall be his obligation to identify the transaction and specify the pertinent facts relied upon. It shall then be the railroad's burden to prove that factors other than a transaction affected the employee.

New York Dock Railway-Control-Brooklyn Eastern District, 306 I.C.C. 60, 88 (1979). Cline has not requested arbitration, but has instead pursued this action directly to the Surface Transportation Board. She is in essence asking the Board to determine that she is among those employees affected by a Board regulated transaction, while at the same time, skipping over the procedural requirement of arbitration.

In similar situations where the Board has been asked to determine whether or not employees were adversely affected by a particular regulated transaction – as opposed to a separate, unrelated transaction – it has consistently held that such matters must be resolved in the first instance by arbitration. See, e.g. Illinois Central Corporation and Illinois Central Railroad Company – Control – CCP Holdings, Inc., Chicago, Central & Pacific Railroad Company and Cedar River Railroad Company, STB Finance Docket No. 32858 (STB served June 2, 1998) (issue of relation of complained of action to STB regulated transaction must first be considered

in arbitration); Kansas City Southern Industries, Inc., KCS Transportation Company, and the Kansas City Southern Railway Company – Control – Gateway Western Railway Company and Gateway Eastern Railway Company, STB Finance Docket No. 33311 (STB served December 4, 1997) (determination of whether employees were adversely affected by transaction must be resolved in first instance by arbitration); Fox Valley & Western Ltd. – Exemption Acquisition and Operation – certain lines of Green Bay and Western Railroad Company, Fox River Valley Railroad Corporation, and the Ahnapee & Western Railway Company, Finance Docket No. 32035 (I.C.C. served November 16, 1993) (arbitration is mandatory in matters involving interpretation, application, or enforcement of arbitration awards under New York Dock).

In turn, courts have consistently approved such deferrals to the arbitration process required under labor protective conditions. Walsh v. ICC, 723 F.2d 570, 574 (7th Cir. 1983) (New York Dock imposes mandatory arbitration for disputes that require factual determinations). See also, Brotherhood of Local Engineers v. ICC, 808 F.2d 1570, 1578 (D.C. Circuit 1987) (labor protective conditions require arbitration of any dispute regarding application of conditions).

If the Board were to consider the petition without Cline having first proceeded through the mandatory arbitration steps, it would be placed in a position of making factual determinations that have traditionally been handled by arbitrators under Board jurisprudence. The type of factual determination that would be necessary to award New York Dock labor protection to Cline would run afoul of the Board's policy of involving itself only in "significant issues of general importance regarding the interpretation of . . . labor protective conditions." Chicago & Northwestern Transportation Company-Abandonment-Near Dubuque and Oelwein, Iowa, STB Docket No. AB-1 (Sub No. 83), 3 I.C.C. 2d 729, 736 (1987) (Lace Curtain); *aff'd. sub nom.*

International Brotherhood of Electrical Workers v. Interstate Commerce Commission, 862 F.2d 330, 333 (D.C. Circuit 1988). The Commission articulated those limited circumstances under which it would review arbitrators' decisions and made clear that it did not view its role as one of decision maker on issues of causation, the calculation of benefits, or the resolution of other factual questions. 3 I.C.C. 2d at 736.

It is clear from Cline's filing that what she seeks from the Board in this matter is a review of the factual circumstances surrounding the elimination of her position in Detroit and a determination of whether that adverse effect flowed from the Board regulated transaction in Finance Docket No. 34004. There is no need for the Board to determine whether or not New York Dock benefits apply in this 49 C.F.R Section 1180.2(d)(3) intracorporate class exemption proceeding; it is clear that they do. Granting the petition and reopening this matter would in no way change that. However, if the request of Cline to the Board to "impose oversight" is one that seeks the Board's determination of her eligibility for New York Dock protections, it is an inappropriate request for fact-finding from the Board.

In short, Cline's request is one that has skipped the crucial step of arbitration, and is one that requests the Board to engage in fact finding that is beyond its usual scope of inquiry. Her Petition, if granted, would essentially bypass all of the procedural protections that ensure that the Board handle matters of general importance and that arbitrators handle the fact finding that individual claims such as hers require.

2. **Cline Cannot Demonstrate a Nexus Between Finance Docket 34004 and the Relocation of Her Position.**

Even if Cline had properly pursued arbitration on her claims for labor protection and had not elected to receive negotiated benefits, she would not prevail on her claim for New York

Dock benefits because she cannot establish that the adverse effect of which she complains was caused by the Board regulated transaction.

In New York Dock, the Commission placed on the allegedly affected employee the “obligation to identify the transaction and specify the pertinent facts of that transaction relied upon” in claiming protection. 306 I.C.C. at 88. In her petition, Cline gives no factual basis for her claim to protection beyond the conclusory statement that she lost her position “as a direct result of all these actions.” Cline Petition, p. 3. She cannot show a causal relationship because there is none.

The Court of Appeals for the Third Circuit recently held that “in order for an affected employee to obtain benefits under New York Dock in the event of a dispute, s/he must establish that the adverse effect was caused by the Board approved transaction itself, and not by some other event.” Commonwealth of Pennsylvania v. Surface Transportation Board, 290 F.3d 522, 534 (3rd Cir. 2002). In restating this fundamental concept, the Third Circuit was reiterating long-held principals requiring a causal nexus between the Board approved transaction and any adverse effects claimed by the employee. In Employees of the Butte, Anaconda & Pacific Railway Co. v. United States, 938 F.2d 1009 (9th Cir. 1991), cert. denied, 503, U.S. 936, 112 S.Ct. 1474 (1992), the Ninth Circuit recognized that the purpose of New York Dock conditions is to “protect employees from adverse effects *of the transaction* approved by the ICC.” 938 F.2d at 1014 (emphasis in original). In upholding the Interstate Commerce Commission in Butte Anaconda, the Ninth Circuit court recognized the ICC had properly reviewed and set aside an arbitral award that had erroneously awarded protection to adversely effected employees “regardless of the cause.” 938 F.2d at 1011. The court affirmed the ICC’s decision to vacate the award, holding that the arbitrator below had erred when he exceeded the limits of his authority as defined by

New York Dock. When the adverse effects on employees were the result of market conditions, the control transaction could not be used to cover “any and all future adverse effects” on employees. Id. To do so would be contrary to the purpose of New York Dock.

In this case, Cline has not shown and cannot show any causal nexus between the STB approved transaction involving the reintegration of the St. L&H corporate entity back into CPR and CPR’s later efforts to reduce costs and consolidate operations in its border services units. As the verified statements of Murray Ross and Fred Green set forth, these decisions were made for entirely different reasons by individuals in different departments. The statement of Ross explains that operational efficiencies observed in CPR’s competition, the need to streamline operations and the desire to use new technologies led to the consolidation of border services positions in Winnipeg. Conversely, the reabsorption of the St. Lawrence & Hudson into the Canadian Pacific Railway corporate family was undertaken because the simplicity of operating the railroad under a single corporate banner – essentially undoing the spin-off of 1996 – was desirable. The border services reorganization did not “directly relate to,” “grow out of,” or “flow from” the Board authorized transaction such that it could be considered part of it. See, CSX Corporation – Control – Chessie System, Inc., and Seaboard Coast Line Industries, Inc., STB Finance Docket No. 28904 (Sub. No. 22), served Sept. 25, 1998. Cline’s conclusory statements that her job loss was the direct result of the reintegration do not support a factual finding that she is entitled to additional labor protections.

CONCLUSION

Cline has failed to take the necessary procedural steps to pursue her claim to New York Dock labor protections, and has chosen instead to bypass the required arbitration and seek redress directly from the Board, and for that reason alone her Petition should be denied. Beyond

that, she has failed to demonstrate any causal connection between an intracorporate class exemption proceeding and an internal department's relocation and streamlining of operations. Accordingly, her Petition should be denied.

Dated: September 5, 2002

Respectfully submitted,



Diane P. Gerth, Esq.
Leonard, Street and Deinard
Professional Association
150 South Fifth Street
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(612) 335-1500

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.

STB Finance Docket No. 34004

CANADIAN PACIFIC RAILWAY COMPANY AND NAPIERVILLE JUNCTION RAILWAY
COMPANY – CORPORATE FAMILY TRANSACTION – ST. LAWRENCE & HUDSON
RAILWAY COMPANY LIMITED

VERIFIED STATEMENT OF FRED J. GREEN

1. My name is Fred J. Green. I am Senior Vice President Marketing and Sales with Canadian Pacific Railway ("CPR"). In my role with CPR, I was involved with the determination in late 2000 to amalgamate the St. Lawrence & Hudson Railway Company Limited back into the corporate structure of its parent corporation, Canadian Pacific Railway Company.
2. The St. Lawrence & Hudson Railway was established in early 1996 as a separate legal entity that would own and control all of CPR's eastern Canada rail properties and control CPR's Delaware & Hudson properties. The transaction was designed to improve service and financial performance by focusing CPR's railroad operating units on the business opportunities specific to this geography.
3. In late 2000, it was determined that a more consistent organizational approach was necessary across the entire rail network. Thus, the corporate decision was made to reintegrate all railway activities and leadership under a single banner in order to achieve clarity, simplicity and cost efficiency. To that end, the corporate family structure was changed so that

the St. Lawrence & Hudson Railway Company Limited was reabsorbed into its parent corporation, the Canadian Pacific Railway Company.

4. As a result of this structural change, it was necessary to file with the Surface Transportation Board Notice of Exemption under 49 C.F.R. § 1180.2(d)(3) to absorb the St. Lawrence and Hudson and the assets it held back into its parent corporation. Although the vast majority of the eastern Canada rail network of St. L&H was outside of the United States and not subject to the jurisdiction of the Board, there were three border crossings belonging to St. L&H/CPR that had small sections of trackage within the United States. Because these properties are subject to Board jurisdiction, a filing under 49 C.F.R. § 1180.2(d)(3) was necessary. That filing was completed on January 31, 2001 in STB Finance Docket No. 34004. A copy of the filing is attached to this Verified Statement as Exhibit A and the Board's Notice of the filing is attached as Exhibit B. As was explained in the filings at that time, the reorganization was undertaken to change the corporate structure and foresaw no change in operations.

5. The determination to enact this change in corporate structure was one that was reached within my department. The reintegration was done to achieve a level of uniformity within the corporate structure, and there were no planned personnel changes other than the departure of the St. L&H leadership residing in Canada. There were no changes in service levels, operational changes or changes within the competitive balance with carriers outside the CPR corporate family either anticipated or envisioned by the corporate reintegration.

6. I understand that later in 2001 and into 2002, a reorganization of the border services functions was undertaken by CPR. The efficiencies that group was attempting to achieve by consolidating operations in Winnipeg, Manitoba were unrelated to the change in

corporate structure that was taking place for all of Canadian Pacific's properties in eastern Canada.

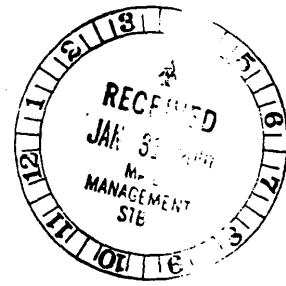
7. I, Fred J. Green, Canadian Pacific Railway Company, verify under penalty of perjury under the laws of the United States of America, that I have been authorized by Canadian Pacific Railway to verify and file with the Surface Transportation Board the foregoing statement; that I know the contents thereof and the facts asserted therein; that I declare that the foregoing is true and correct.

Dated: Sept 5/02



Fred J. Green.
Senior Vice President Marketing and Sales

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.



STB Finance Docket No. 34004

CANADIAN PACIFIC RAILWAY COMPANY AND NAPIERVILLE JUNCTION RAILWAY
COMPANY - CORPORATE FAMILY TRANSACTION - ST. LAWRENCE & HUDSON
RAILWAY COMPANY LIMITED

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(3)

CANADIAN PACIFIC RAILWAY

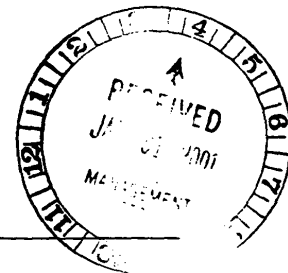
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George W. Mayo, Jr., Esq.
Eric Von Salzen, Esq.
Marta I. Tanenhaus, Esq.
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EXHIBIT NO.

A

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.



STB Finance Docket No. 34004

CANADIAN PACIFIC RAILWAY COMPANY AND NAPIERVILLE JUNCTION RAILWAY
COMPANY – CORPORATE FAMILY TRANSACTION – ST. LAWRENCE & HUDSON
RAILWAY COMPANY LIMITED

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(3)

The Canadian Pacific Railway Company (“CPR”) and the Napierville Junction Railway Company (“NJR”) file this Notice of Exemption pursuant to the Commission’s Regulations at 49 C.F.R. §§ 1180.2 (d) (3) and 1180.4 (g). In 1996, the St. Lawrence & Hudson Railway Company Limited (“St. L & H”) was created as a wholly owned subsidiary of Canadian Pacific Railway Company. At that time, a Notice of Exemption was filed with the Board in regard to St. L & H’s acquisition of interests in U.S. trackage at three border crossings (Detroit, MI, Niagara Falls, NY, and Rouses Point, NY). Canadian Pacific Limited, Canadian Pacific Railway Company and Napierville Junction Railroad Company – Corporate Family Transaction – St. Lawrence & Hudson Railway Company Limited, Finance Docket No. 33136. Due to a corporate reorganization, the St. L & H has been absorbed back into its parent corporation, CPR. This Notice of Exemption is for an intra-corporate family transaction concerning those same United States rail assets formerly held by St. Lawrence & Hudson Railway Company Limited that have been absorbed into CPR once again. These properties include an interest in the CNCP-Niagara

Detroit partnership that owns all of the stock of the Detroit River Tunnel Company and the Niagara River Bridge Company, a leasehold interest in trackage at the border crossing in Rouse's Point, NY, and incidental trackage rights in the Detroit, MI area as described below.

Section 1180.6 (a)(1)(i) Summary of Transaction.

In this transaction, the Canadian Pacific Railway Company and the St. Lawrence & Hudson Railway Company Limited have combined to form the Canadian Pacific Railway Company. The corporations have received approval from Industry Canada under Section 185 of the Canada Business Corporations Act to amalgamate in this manner. The U.S. rail assets of the St. L & H, which have been amalgamated into CPR are described as follows:

(1) St. L & H's interest in CNCP-Niagara Detroit, an Ontario partnership, which owns all of the stock of Detroit River Tunnel Company ("DRTC") and Niagara River Bridge Company ("NRBC"). St. L & H held trackage rights from DRTC and NRBC: (a) through the Detroit River Tunnel (a railway tunnel connecting Detroit, MI, and Windsor, Ontario, Canada) in the U.S. from the international border (mid-tunnel at milepost 226.3) to the end of the connecting track at milepost 228.2 in Detroit, a distance of approximately 2 miles, and (b) over the Suspension Bridge (a railway bridge between Niagara Falls, Ontario, Canada, and Niagara Falls, NY) in the U.S. between the international border (milepost 0.2) and the end of the access track at milepost 0.0 in Niagara Falls, NY) a distance of 0.2 miles. The trackage rights also include short segments of connecting track at both the Detroit River Tunnel and the Suspension Bridge.

(2) St. L & H's leasehold interest in the rail properties of the Napierville Junction Railway Company ("NJR")¹ consisting of a 1.1-mile segment of track on the U.S. side of the international border near Rouses Point, NY, where NJR connects with the lines of the Delaware and Hudson Railway Company, Inc. ("DHRC"), a wholly owned subsidiary of Canadian Pacific Railway Company.

(3) St. L & H's incidental overhead trackage rights to reach connections with U.S. carriers in the Detroit terminal area as follows: (a) former Consolidated Rail Corporation (Conrail) trackage between the end of the Detroit River Tunnel connecting track (Conrail milepost 2.02 Main Line) and Conrail milepost 9.3, Detroit Line, including the Delray Interlocking at milepost 5.3, Detroit Line, and between milepost 2.02 and milepost 3.1, Mackinaw Branch, a total distance of approximate 8.4 miles; (b) former Norfolk and Western Railway Company (NW) line between the Delray Interlocking (NW milepost 4.4) and Oakwood Yard (NW milepost 8.87), a distance of approximately 4.47 miles; and (c) the CSX

¹ NJR is a wholly owned subsidiary of CPR and was a party to the 1996 proceeding when it granted the leasehold interest to St. L & H. Other than in its role as the lessor of the trackage, it is not involved in the present transaction.

Transportation, Inc. (CSXT) line between Delray Interlocking (CSXT milepost 4.5) and Rougemere Yard (CSXT milepost 6.6), a distance of approximately 2.1 miles.

These properties are identical to those covered by the 1996 Notice of Exemption in Canadian Pacific Limited, Canadian Pacific Railway Company and Napierville Junction Railroad Company – Corporate Family Transaction – St. Lawrence & Hudson Railway Company Limited, Finance Docket No. 33136. Following the present transaction and as a direct result of the amalgamation, those properties formerly held by the St. L & H will be owned directly by CPR.

Section 1180.6(a)(1)(i) Summary of the proposed transaction, the names of applicants, their business address and telephone number, and the name of counsel to whom questions can be addressed.

The exact names and addresses of the applicant parties are:

Canadian Pacific Railway Company
401 9th Avenue SW
Gulf Canada Square
Calgary, Alberta T2P 4Z4
(403) 281-7500

Napierville Junction Railway Company
910 Peel Street
Windsor Station
Montreal, Quebec H3C 3E4
(514) 395-5151

St. Lawrence & Hudson Railway Company Limited
910 Peel Street
Windsor Station
Montreal, Quebec H3C 3E4
(514) 395-5151

Counsel:

Diane Gerth, Esq.
Barry McGrath, Esq.
Leonard, Street and Deinard
150 South Fifth Street
Minneapolis, MN 55402
(612) 335-1500

Questions regarding this transaction are to be addressed to the representative named below:

Diane Gerth, Esq.
Barry McGrath, Esq.
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Minneapolis, MN 55402
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George W. Mayo, Jr., Esq.
Eric Von Salzen, Esq.
Marta I. Tanenhaus, Esq.
Hogan and Hartson LLP
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Washington, D.C. 2000

Section 1180.6(a)(1)(ii) Consummation Date.

The transaction was consummated on January 1, 2001.

Section 1180.6(a)(1)(iii) Purpose of the Transaction.

The purpose of the transaction is to dissolve CPR's wholly owned subsidiary, the St. L & H, and to absorb its properties and operations into the parent corporation, CPR. This amalgamation has been approved by Industry Canada.

Section 1180.6(a)(5) States in Which the Applicants Operate and Own Property.

Canadian Pacific Railway's wholly owned subsidiaries, the Soo Line Railroad Company and the Delaware & Hudson Railway, operate or own properties in Illinois, Wisconsin, Minnesota, North Dakota, South Dakota, Indiana, Michigan (trackage rights only), Kentucky

(trackage rights only), Montana, New York, Pennsylvania, New Jersey (trackage rights only) Delaware (trackage rights only), Maryland (trackage rights only), and Washington, D.C. (trackage rights only).

Section 1180.6(a)(6) Map.

Maps are provided in Exhibit A.

Section 1180.6(a)(7)(ii) Agreement.

A copy of the Certificate of Amalgamation and the Articles of Amalgamation are provided as Exhibit B.

Section 1180.4(g)(1)(i) Labor Protection.

Because there will be no change in operations as a result of this transaction, it is not anticipated that any labor impacts will occur within the United States. Nevertheless, CPR recognizes that the Board is required by 49 U.S.C. §§ 10502(g) and 11323 to impose conditions for the benefit of Applicants' U.S. railroad employees. Accordingly, Applicants are agreeable to standard labor protection conditions imposed in New York Dock Rwy. – Control – Brooklyn Eastern District, 306 I.C.C. 60 (1979).

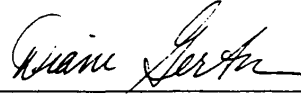
49 C.F.R. 1105.6(c)(4) Environmental.

The transaction that is the subject of this Notice will not result in any operating changes exceeding the thresholds set forth in 49 C.F.R. § 1105.7 (e) (4) – (5). Accordingly, environmental documentation is not required for this transaction. See 49 C.F.R. § 1105.6 (c) (4)

The transaction that is the subject of this Notice does not involve the alteration or disposal of any bridges or structures which are 50 years old or older. Accordingly, no Historic Report is required in connection with the transaction. See 49 C.F.R. § 1105.8 (b) (2).

Dated: January 30, 2001

Respectfully submitted.



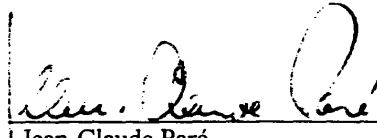
Diane P. Gerth, Esq.
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George W. Mayo, Jr., Esq.
Eric Von Salzen, Esq.
Marta I. Tanenhaus, Esq.
Hogan and Hartson LLP
555 Thirteenth Street NW
Washington, D.C. 2000

VERIFICATION

I, Jean-Claude Paré, Senior Counsel, Canadian Pacific Railway Company, verify under penalty of perjury under the laws of the United States of America that I have been authorized by Canadian Pacific Railway to verify and file with the Surface Transportation Board the foregoing Notice of Exemption; that I know the contents thereof and the facts asserted therein; that I declare that that the foregoing is true and correct.

Dated: 11/30/01

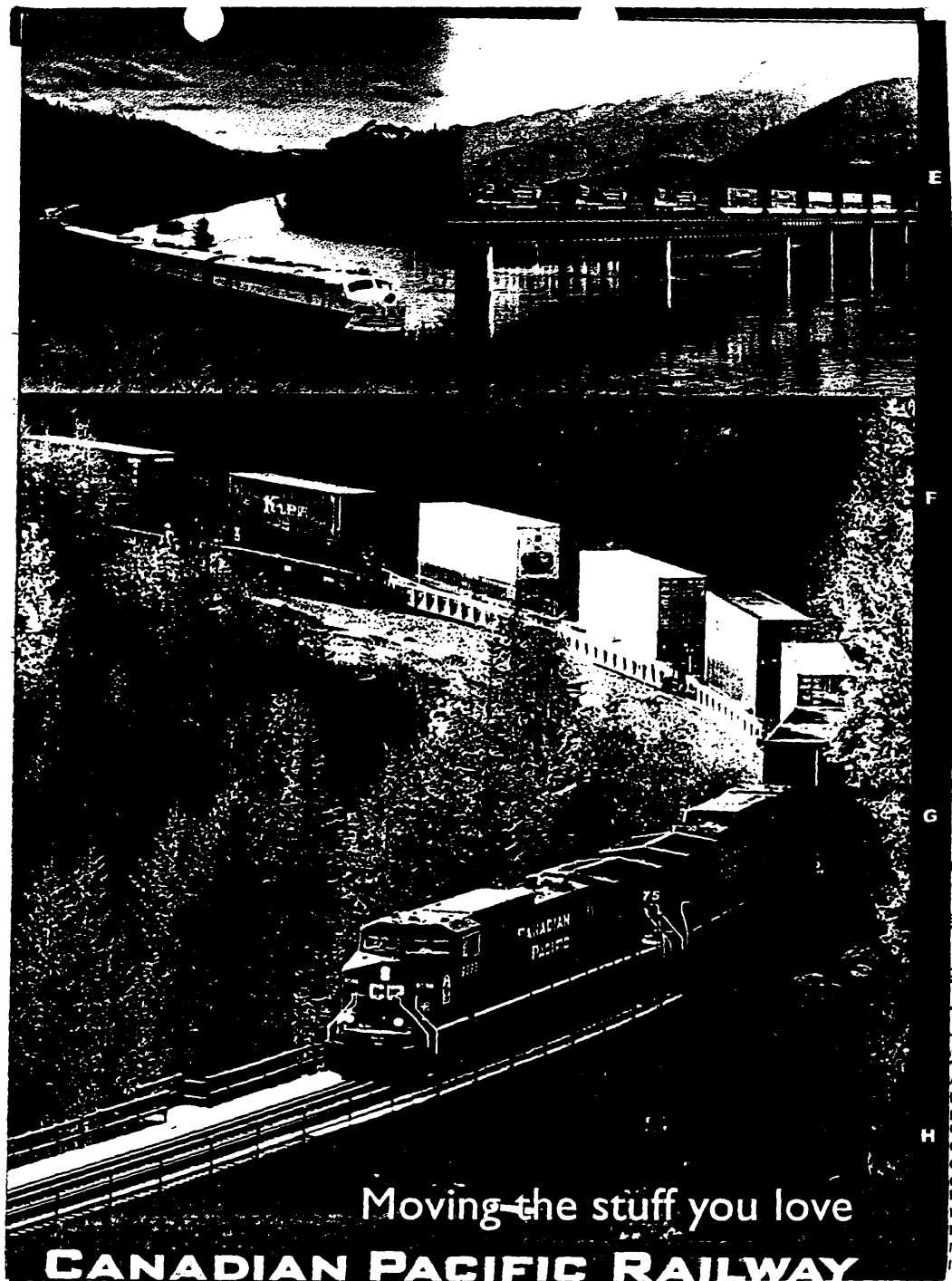


Jean-Claude Paré

EXHIBIT A

Maps depicting transaction

**CPR System Map Not Included with M. Tanenhaus and
S. Mayo file copies**



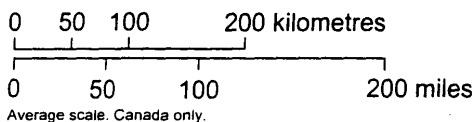
Moving the stuff you love

CANADIAN PACIFIC RAILWAY

CANADIAN PACIFIC RAILWAY

CPR routes shown include all trackage and haulage rights.

BNSF	Burlington Northern Santa Fe	MRL	Montana Rail Link
CN	Canadian National Railway	NBER	Nittany & Bald Eagle Railroad
CSXT	CSX Transportation	NBSR	New Brunswick Southern Railway
KCS	Kansas City Southern	NECR	New England Central Railroad
NS	Norfolk Southern	NPR	Northern Plains Railroad
UP	Union Pacific	NSHR	North Shore Railroad
FXE	Ferromex	NVR	Northern Vermont Railroad
FSRR	Ferrosur	NYA	New York & Atlantic Railway
TFM	Transportación Ferroviaria Mexicana	ONT	Ontario Northland Transportation
OTHER	Other connecting, regional and short line railroads	OSR	Ontario Southland Railway
		OVR	Okanagan Valley Railway
		PW	Providence and Worcester Railroad
		QGRY	Québec-Gatineau Railway
AC	Algoma Central	QSR	Québec Southern Railway
AMKT	Amtrak	RBMN	Reading, Blue Mountain & Northern Railroad
BAR	Bangor and Aroostook Railroad	RCRR	Red Coat Road & Rail
BCR	BC Rail	RLMN	RailLink MacKenzie Northern
BCRY	Barrie-Collingwood Railway	ROV	RailLink Ottawa Valley
BPRR	Buffalo & Pittsburgh Railroad	RSR	Rochester & Southern Railroad
C&D	Durango & Coahula Railroad	SCI	Seaspan Coastal International
CDAC	Canadian American Railway	SMNR	Southern Manitoba Railway
CEDR	Cedar River	SO	South Orient
CEMR	Central Manitoba Railway	SORA	Southern Rails Cooperative
CLP	The Clarendon & Pittsford Railroad	ST	ST Rail System
CN	Canadian National Railway	SVRR	Shamokin Valley Railroad
CSCD	Cascade and Columbia River	TM	Texas Mexican Railway
CTRW	Carlton Trail Railway	VB	Van Buren Bridge
CWRL	RailLink Central Western	VTR	Vermont Railway
DL	Delaware-Lackawanna Railroad	WC	Wisconsin Central
DMVW	Dakota, Missouri Valley & Western	WCOR	Wellsboro & Coming Railroad
E&N	E&N Railway	WSOR	Wisconsin & Southern
EMRY	Eastern Maine Railway		
ETL	Essex Terminal Railway		
FEC	Florida East Coast		
FLGK	Finger Lakes Railway		
GMRC	Green Mountain Railroad		
GNWR	Genesee and Wyoming Railroad		
GWRS	Great Western Railway of Saskatchewan		
GWWD	Greater Winnipeg Water District Railway		
HBRY	Hudson Bay Railway (OmniTRAX)		
HCRY	Huron Central Railway		
IAIS	Iowa Interstate		
IANR	Iowa Northern		
IMRL	I&M Rail Link		
MNC	Metro-North Railroad		



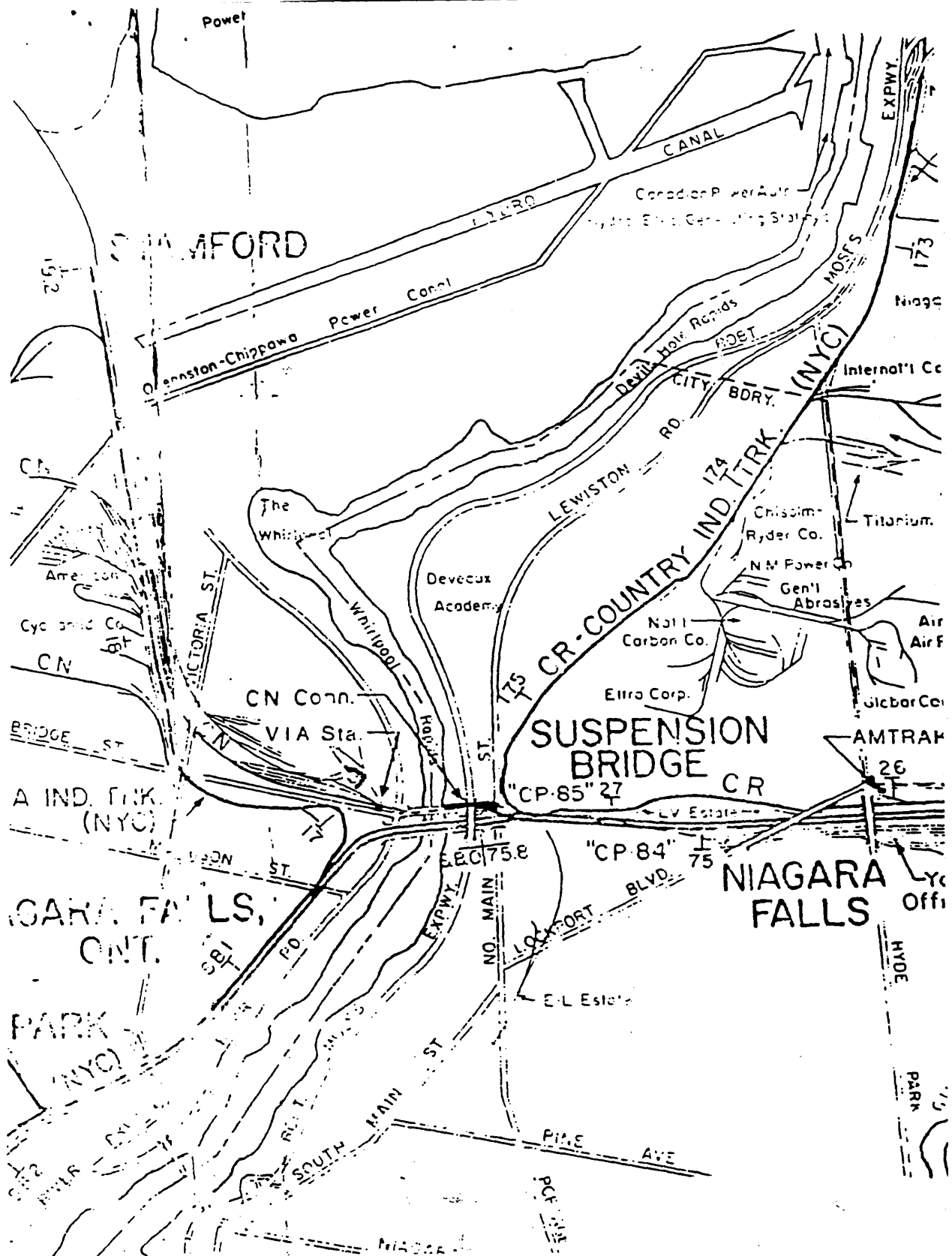
Every effort has been made to ensure this map is accurate and complete. If you have any comments, please contact:

Cartography:  HATRA INC. (hatra@videotron.ca)

H Kunze (403) 319-7593 or e-mail: harald_kunze@cpr.ca

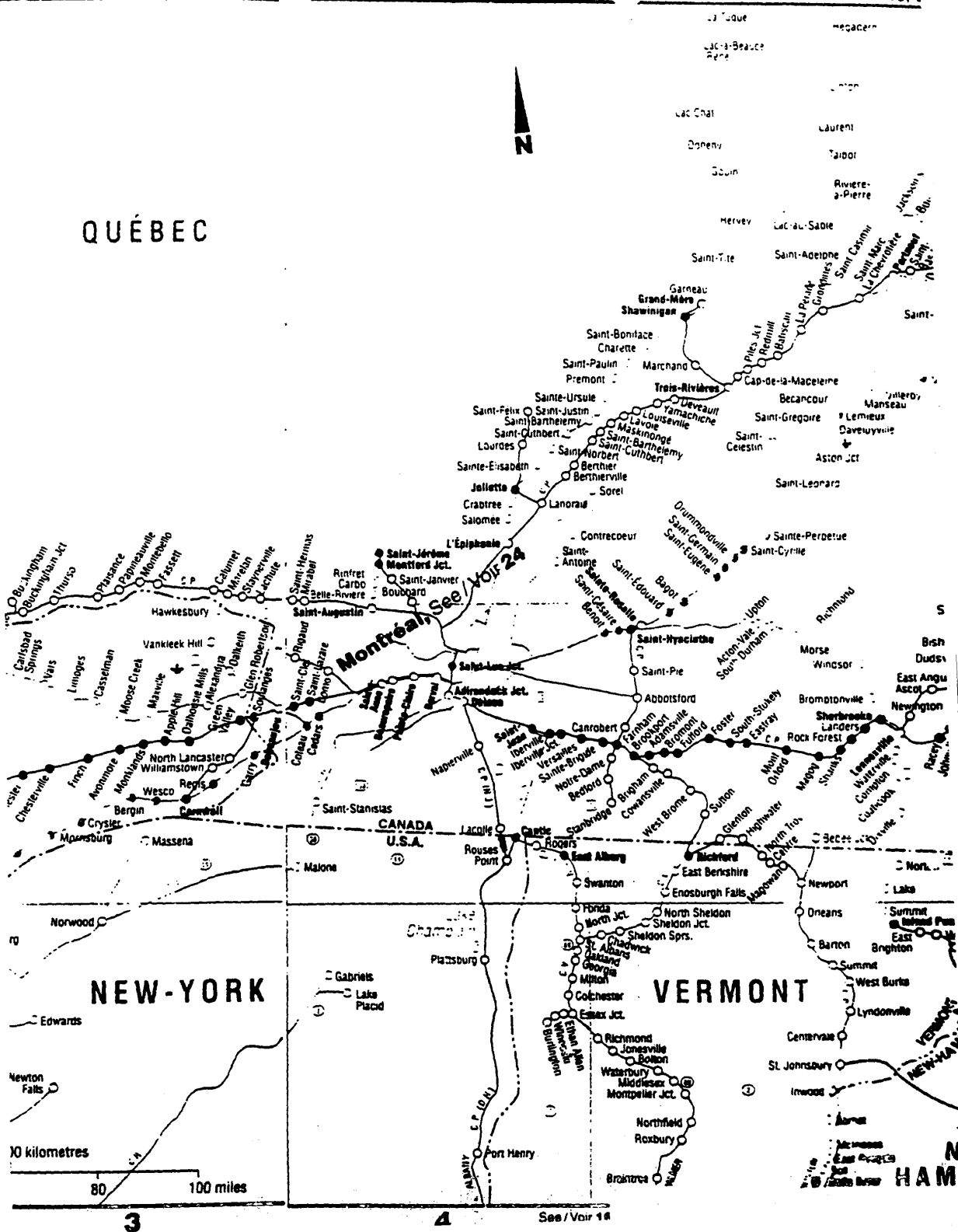
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Third Edition: November 2000





QUÉBEC



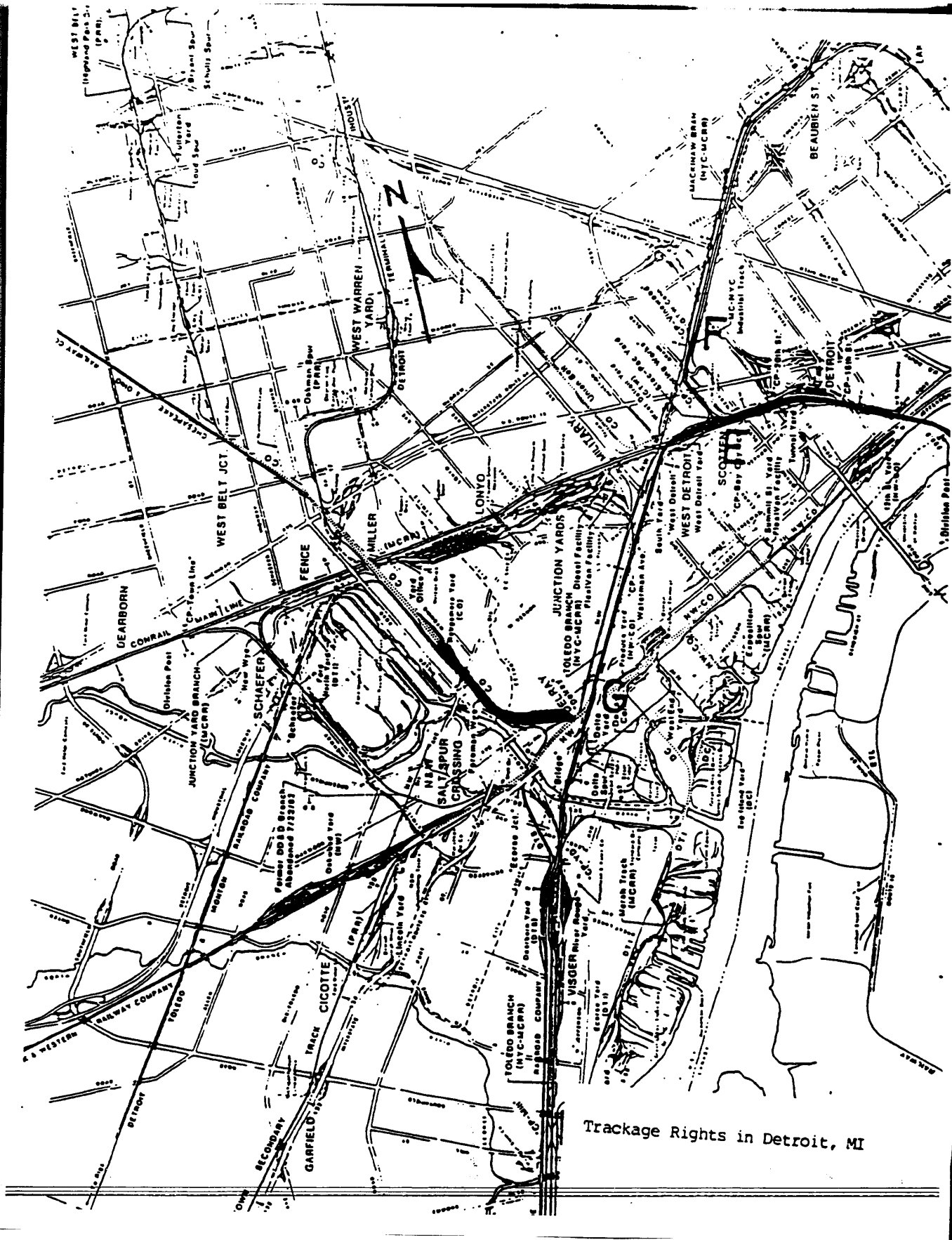


EXHIBIT B

Certificate of Amalgamation and Articles of Amalgamation



Industry Canada

Industrie Canada

Certificate
of Amalgamation

Canada Business
Corporations Act

Certificat
de fusion

Loi canadienne sur
les sociétés par actions

CANADIAN PACIFIC RAILWAY COMPANY

COMPAGNIE DE CHEMIN DE FER CANADIEN PACIFIQUE

384597-4

Name of corporation-Dénomination de la société

Corporation number-Numéro de la société

I hereby certify that the above-named corporation resulted from an amalgamation, under section 185 of the *Canada Business Corporations Act*, of the corporations set out in the attached articles of amalgamation.

Je certifie que la société susmentionnée est issue d'une fusion, en vertu de l'article 185 de la *Loi canadienne sur les sociétés par actions*, des sociétés dont les dénominations apparaissent dans les statuts de fusion ci-joints.

Director - Directeur

January 1, 2001 / le 1 janvier 2001

Date of Amalgamation - Date de fusion

Canada

EXHIBIT

R

Industry Canada
Canada Business
Corporations Act

Industrie Canada
Loi canadienne sur les
sociétés par actions

FORM 9
ARTICLES OF AMALGAMATION
(SECTION 185)

FORMULE 9
STATUTS DE FUSION
(ARTICLE 185)

1. Name of amalgamated corporation / Dénomination de la société issue de la fusion
**CANADIAN PACIFIC RAILWAY COMPANY
COMPAGNIE DE CHEMIN DE FER CANADIEN PACIFIQUE**

2. The place in Canada where the registered office is to be situated / Lieu au Canada où doit être situé le siège social
City of Calgary, Province of Alberta

3. The classes and any maximum number of shares that the corporation is authorized to issue / Catégories et tout nombre maximal d'actions que la société est autorisée à émettre
The annexed Schedule 1 is incorporated in this form.

4. Restrictions, if any, on share transfers / Restrictions sur le transfert des actions, s'il y a lieu
Not applicable.

5. Number (or minimum and maximum number) of directors / Nombre (ou nombre minimal et maximal) d'administrateurs
The minimum number of directors shall be 10 and the maximum number shall be 20.

6. Restrictions, if any, on business the corporation may carry on / Limites imposées à l'activité commerciale de la société, s'il y a lieu
Not applicable.

7. Other provisions, if any / Autres dispositions, s'il y a lieu
The annexed Schedules 2, 3, and 4 are incorporated in this form.

8. The amalgamation has been approved pursuant to that section or subsection of the Act which is indicated as follows: / La fusion a été approuvée en accord avec l'article ou le paragraphe de la Loi indiqué ci-après.

☐ 183
☒ 184(1)
☐ 184 (2)

9. Name of the amalgamating corporations / Dénomination des sociétés fusionnantes	Corporation No. / No de la société	Signature	Date	Title / Titre
CANADIAN PACIFIC RAILWAY COMPANY COMPAGNIE DE CHEMIN DE FER CANADIEN PACIFIQUE	344859-2	<i>Robert Hart</i>	January 1, 2001	Assistant Secretary
ST. LAWRENCE & HUDSON RAILWAY COMPANY LIMITED COMPAGNIE DE CHEMIN DE FER SAINT-LAURENT ET HUDSON LIMITÉE	357211-1	<i>Robert Hart</i>	January 1, 2001	Assistant Secretary

FOR DEPARTMENTAL USE ONLY - À L'USAGE DU MINISTÈRE SEULEMENT
Corporation No. / No de la société

384597-4

Filed / Déposée

DEC 19 2000

**Schedule 1 to the
Articles of Amalgamation of
Canadian Pacific Railway Company
Compagnie de Chemin de Fer Canadien Pacifique**

The Corporation is authorized to issue unlimited numbers of First Preferred Shares, Second Preferred Shares, Third Preferred Shares, Fourth Preferred Shares and Ordinary Shares without nominal or par value.

(1) FIRST PREFERRED SHARES

The First Preferred Shares shall, as a class, have attached thereto the following rights, privileges, restrictions and conditions:

- (a) **Authority to Issue in One or More Series:** The directors of the Corporation may issue the First Preferred Shares at any time and from time to time in one or more series. Before any shares of a particular series are issued, the directors of the Corporation may fix the number of shares that will form such series and shall determine, subject to the limitations set out in the articles, the designation, rights, privileges, restrictions and conditions to attach to the shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate or rates, amount or amounts, or method or methods of calculation of dividends thereon, whether such dividends are preferential, cumulative, non-cumulative or partially cumulative, the time and place of payment of dividends, the currency or currencies of payment of dividends, the redemption price and terms and conditions of redemption (if any), the rights of retraction (if any) and the terms and conditions of any retraction, the conversion or exchange rights attached thereto (if any), the terms and conditions of any repurchase right of the Corporation or of a sinking fund with respect thereto and the rights of participation upon a liquidation, dissolution or winding-up of the Corporation. Before issuing any new series of First Preferred Shares, the directors of the Corporation shall send to the Director (as defined in the *Canada Business Corporations Act*) articles of amendment containing a description of such series including the designation, rights, privileges, restrictions and conditions determined by the directors of the Corporation.
- (b) **Voting Rights:** The holders of the First Preferred Shares shall not be entitled to receive notice of or to attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting, except as herein provided or as may be required by law.

- (c) **Ranking of First Preferred Shares:** No rights, privileges, restrictions or conditions attached to a series of First Preferred Shares shall confer upon such series (i) a priority in respect of dividends or (ii) a priority in respect of the return of capital over any other series of First Preferred Shares in the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. The holders of the First Preferred Shares shall be entitled to priority over the Second Preferred Shares, the Third Preferred Shares and the Ordinary Shares of the Corporation and over any other shares ranking junior to the First Preferred Shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. If any cumulative dividends or amounts payable on a return of capital in respect of a series of First Preferred Shares are not paid in full, the First Preferred Shares of all series shall participate ratably in respect of such dividends, including accumulations, if any, in accordance with the sums that would be payable on such shares if such dividends were declared and paid in full, and in respect of any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full; provided, however, that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the First Preferred Shares with respect to repayment of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends. The First Preferred Shares of any series may also be given such other preferences not inconsistent with clauses 1(a) to 1(e) hereof over the Second Preferred Shares, the Third Preferred Shares and the Ordinary Shares and over any other shares ranking junior to the First Preferred Shares as may be determined in the case of such series of First Preferred Shares.
- (d) **Restrictions on Dividends and Redemptions, etc.:** No dividend shall at any time be declared or paid or set apart for payment on the Ordinary Shares, on the Second Preferred Shares or on the Third Preferred Shares unless all dividends (if any) up to and including the dividend payable for the last completed period for which such dividend shall be payable on each series of First Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on the Ordinary Shares, on the Second Preferred Shares or on the Third Preferred Shares or such other shares of the Corporation ranking junior to the First Preferred Shares; nor shall the Corporation call for redemption, redeem, purchase for cancellation, acquire for value or reduce or otherwise pay off any of the Second Preferred Shares,

Third Preferred Shares or any Ordinary Shares or any other shares of the Corporation ranking junior to the First Preferred Shares unless and until all dividends up to and including the dividends payable for the last completed period for which such dividend shall be payable on each series of First Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, acquisition, reduction or other payment.

- (e) **Approval of holders of First Preferred Shares:** The rights, privileges, restrictions and conditions attaching to the First Preferred Shares may be added to, changed or removed only with the approval of the holders of the First Preferred Shares given as hereinafter specified in addition to any other approval required by the *Canada Business Corporations Act*.

The approval of the holders of First Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the First Preferred Shares may, subject to the provisions applicable to any series of First Preferred Shares, be given by resolution passed by the affirmative vote of holders holding at least two-thirds of the votes attaching to the First Preferred Shares represented at a meeting of the holders of First Preferred Shares duly called for that purpose at which the holders of at least twenty-five per cent (25%) of the outstanding First Preferred Shares entitled to be voted at such meeting are present or represented by proxy at the time appointed for the meeting. Unless specified herein, the formalities to be observed in respect of the giving of notice of any such meeting or any adjourned meeting and the conduct thereof shall be those from time to time prescribed by the *Canada Business Corporations Act* (as from time to time amended, varied or replaced) and the by-laws of the Corporation with respect to meetings of shareholders. At any adjourned meeting, the holders of the First Preferred Shares present or represented by proxy may transact the business for which the meeting was originally called without the need to satisfy the above quorum requirement. On every poll taken at a meeting of holders of First Preferred Shares of any particular series, each holder shall be entitled to one vote in respect of each First Preferred Share of such series held by the holder. On every poll taken at a meeting of holders of two or more series of First Preferred Shares, each holder of First Preferred Shares entitled to vote thereat shall have one vote in respect of each Canadian dollar equivalent of capital of the Corporation to which the holder of such First Preferred Shares would be entitled upon a liquidation, dissolution or winding-up of the Corporation, calculated as at the close of business on the record date for such meeting.

First Preferred Shares, Series 1

The first series of First Preferred Shares shall consist of an unlimited number of shares which shall be designated "First Preferred Shares, Series 1" (the "Series 1 Shares") and, in addition to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

- (a) **Non-Cumulative Dividends:** The holders of the Series 1 Shares shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends, fixed preferential non-cumulative cash dividends at the rate of 4% per annum on the Redemption Price (as hereinafter defined) per share. The board of directors shall be entitled from time to time to declare part of the said preferential non-cumulative cash dividend for any financial year notwithstanding that such dividend for such financial year shall not be declared in full. If within four months after the expiration of any financial year of the Corporation the board of directors in its discretion has not declared the said dividend or any part thereof on the Series 1 Shares for the financial year, then the rights of the holders of the Series 1 Shares to such dividend or to any undeclared part thereof for such financial year shall be forever extinguished. The holders of Series 1 Shares shall not be entitled to any dividends other than or in excess of the preferential non-cumulative dividends hereinbefore provided.
- (b) **Participation upon Liquidation, Dissolution or Winding-Up:** In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Series 1 Shares shall be entitled to receive from the assets of the Corporation a sum equivalent to the aggregate Redemption Amount (as hereinafter defined) of all Series 1 Shares held by them respectively before any amount shall be paid or any assets of the Corporation distributed to the holders of the common shares or shares of any other class ranking junior to the Series 1 Shares. After payment to the holders of the Series 1 Shares of the amount so payable to them as above provided they shall not be entitled to share in any further distribution of the assets of the Corporation.
- (c) **Redemption by Corporation:** The Corporation may, upon giving notice as hereinafter provided, redeem at any time the whole or from time to time any part of the then outstanding Series 1 Shares on payment of an amount in respect of each Series 1 Share to be redeemed equal to \$1, such amount being herein referred to as the "Redemption Price", plus all declared and unpaid dividends thereon, the whole constituting and being herein referred to as the "Redemption Amount". In the event that any taxing authority having

jurisdiction alleges that the fair market value of the lands and buildings and any related assets transferred to the Corporation by Canadian Pacific Express & Transport Ltd. in consideration of which the Series 1 Shares were initially issued is not as agreed by the Corporation and CPET or, in the event that any such taxing authority proposes to make an assessment of tax upon the basis that any benefit or advantage is or has been conferred on any person by reason of the issuance of the Series 1 Shares, the board of directors of the Corporation may, in its discretion, adjust the Redemption Price for the purposes of determining amounts to be paid to holders of Series 1 Shares upon redemption and such adjusted Redemption Price will be deemed to be and always to have been, at the relevant time, the Redemption Price for such purpose.

- (d) **Idem:** In the case of redemption of Series 1 Shares under the provisions of clause (c) immediately above, the Corporation shall on or prior to the date specified for redemption deliver to each person who at the date of delivery is a holder of Series 1 Shares to be redeemed a notice in writing of the intention of the Corporation to redeem such Series 1 Shares. Such notice shall be provided to each such holder in such manner as may be determined by the Corporation; provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Amount and the date on which redemption is to take place and if part only of the shares held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed. On or after the date so specified for redemption, the Corporation shall pay or cause to be paid to or to the order of the holders of the Series 1 Shares to be redeemed the Redemption Amount thereof on presentation and surrender to the Corporation of the certificates representing the Series 1 Shares called for redemption. Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada or, with the prior written consent of the holder, by any other means including the issuance to such holder of a promissory note of the Corporation. If a part only of the shares represented by any certificate are redeemed a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified for redemption, in any such notice the holders of the Series 1 Shares called for redemption shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of holders of Series 1 Shares in respect thereof unless payment of the Redemption Amount is not made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders of the said Series 1 Shares shall remain unaffected. The Corporation shall have the right at any time after the provision of notice of its intention to redeem any Series 1 Shares to deposit the Redemption Amount of the shares so called for redemption or of such of the said shares represented by certificates as have not at the date of such deposit been surrendered by the holders thereof in

connection with such redemption to a special account in any chartered bank or in any trust company in Canada named in such notice, to be paid without interest to or to the order of the respective holders of such Series 1 Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series 1 Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total Redemption Amount so deposited against presentation and surrender of the said certificates held by them respectively and any interest allowed on such deposit shall belong to the Corporation.

(2) SECOND PREFERRED SHARES

The Second Preferred Shares shall, as a class, have attached thereto the following rights, privileges, restrictions and conditions:

- (a) **Authority to Issue in One or More Series:** The directors of the Corporation may issue the Second Preferred Shares at any time and from time to time in one or more series. Before any shares of a particular series are issued, the directors of the Corporation may fix the number of shares that will form such series and shall determine, subject to the limitations set out in the articles, the designation, rights, privileges, restrictions and conditions to attach to the shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate or rates, amount or amounts, or method or methods of calculation of dividends thereon, whether such dividends are preferential, cumulative, non-cumulative or partially cumulative, the time and place of payment of dividends, the currency or currencies of payment of dividends, the redemption price and terms and conditions of redemption (if any), the rights of retraction (if any) and the terms and conditions of any retraction, the conversion or exchange rights attached thereto (if any), the terms and conditions of any repurchase right of the Corporation or of a sinking fund with respect thereto and the rights of participation upon a liquidation, dissolution or winding-up of the Corporation. Before issuing any new series of Second Preferred Shares, the directors of the Corporation shall send to the Director (as defined in the *Canada Business Corporations Act*) articles of amendment containing a description of such series including the designation, rights, privileges, restrictions and conditions determined by the directors of the Corporation.
- (b) **Voting Rights:** The holders of the Second Preferred Shares shall not be entitled to receive notice of or to attend any meeting of the shareholders of

the Corporation and shall not be entitled to vote at any such meeting, except as herein provided or as may be required by law.

- (c) **Ranking of Second Preferred Shares:** No rights, privileges, restrictions or conditions attached to a series of Second Preferred Shares shall confer upon such series (i) a priority in respect of dividends or (ii) a priority in respect of the return of capital over any other series of Second Preferred Shares in the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. The holders of the Second Preferred Shares shall be entitled to priority over the Third Preferred Shares and the Ordinary Shares of the Corporation and over any other shares ranking junior to the Second Preferred Shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. If any cumulative dividends or amounts payable on a return of capital in respect of a series of Second Preferred Shares are not paid in full, the Second Preferred Shares of all series shall participate rateably in respect of such dividends, including accumulations, if any, in accordance with the sums that would be payable on such shares if such dividends were declared and paid in full, and in respect of any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full; provided, however, that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the Second Preferred Shares with respect to repayment of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends. The Second Preferred Shares of any series may also be given such other preferences not inconsistent with clauses 2(a) to 2(e) hereof over the Third Preferred Shares and the Ordinary Shares and over any other shares ranking junior to the Second Preferred Shares as may be determined in the case of such series of Second Preferred Shares.
- (d) **Restrictions on Dividends and Redemptions, etc.:** No dividend shall at any time be declared or paid or set apart for payment on the Ordinary Shares or on the Third Preferred Shares unless all dividends (if any) up to and including the dividend payable for the last completed period for which such dividend shall be payable on each series of Second Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on the Ordinary Shares or on the Third Preferred Shares or such other shares of the Corporation ranking junior to the Second Preferred

Shares; nor shall the Corporation call for redemption, redeem, purchase for cancellation, acquire for value or reduce or otherwise pay off any of the Third Preferred Shares or any Ordinary Shares or any other shares of the Corporation ranking junior to the Second Preferred Shares unless and until all dividends up to and including the dividends payable for the last completed period for which such dividend shall be payable on each series of Second Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, acquisition, reduction or other payment.

- (e) **Approval of holders of Second Preferred Shares:** The rights, privileges, restrictions and conditions attaching to the Second Preferred Shares may be added to, changed or removed only with the approval of the holders of the Second Preferred Shares given as hereinafter specified in addition to any other approval required by the *Canada Business Corporations Act*.

The approval of the holders of Second Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Second Preferred Shares may, subject to the provisions applicable to any series of Second Preferred Shares, be given by resolution passed by the affirmative vote of holders holding at least two-thirds of the votes attaching to the Second Preferred Shares represented at a meeting of the holders of Second Preferred Shares duly called for that purpose at which the holders of at least twenty-five per cent (25%) of the outstanding Second Preferred Shares entitled to be voted at such meeting are present or represented by proxy at the time appointed for the meeting. Unless specified herein, the formalities to be observed in respect of the giving of notice of any such meeting or any adjourned meeting and the conduct thereof shall be those from time to time prescribed by the *Canada Business Corporations Act* (as from time to time amended, varied or replaced) and the by-laws of the Corporation with respect to meetings of shareholders. At any adjourned meeting, the holders of the Second Preferred Shares present or represented by proxy may transact the business for which the meeting was originally called without the need to satisfy the above quorum requirement. On every poll taken at a meeting of holders of Second Preferred Shares of any particular series, each holder shall be entitled to one vote in respect of each Second Preferred Share of such series held by the holder. On every poll taken at a meeting of holders of two or more series of Second Preferred Shares, each holder of Second Preferred Shares entitled to vote thereat shall have one vote in respect of each Canadian dollar equivalent of capital of the Corporation to which the holder of such Second Preferred Shares would be entitled upon a liquidation, dissolution or winding-up of the Corporation, calculated as at the close of business on the record date for such meeting.

(3) THIRD PREFERRED SHARES

The Third Preferred Shares shall, as a class, have attached thereto the following rights, privileges, restrictions and conditions:

- (a) **Authority to Issue in One or More Series:** The directors of the Corporation may issue the Third Preferred Shares at any time and from time to time in one or more series. Before any shares of a particular series are issued, the directors of the Corporation may fix the number of shares that will form such series and shall determine, subject to the limitations set out in the articles, the designation, rights, privileges, restrictions and conditions to attach to the shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate or rates, amount or amounts, or method or methods of calculation of dividends thereon, whether such dividends are preferential, cumulative, non-cumulative or partially cumulative, the time and place of payment of dividends, the currency or currencies of payment of dividends, the redemption price and terms and conditions of redemption (if any), the rights of retraction (if any) and the terms and conditions of any retraction, the conversion or exchange rights attached thereto (if any), the terms and conditions of any repurchase right of the Corporation or of a sinking fund with respect thereto and the rights of participation upon a liquidation, dissolution or winding-up of the Corporation. Before issuing any new series of Third Preferred Shares, the directors of the Corporation shall send to the Director (as defined in the *Canada Business Corporations Act*) articles of amendment containing a description of such series including the designation, rights, privileges, restrictions and conditions determined by the directors of the Corporation.
- (b) **Voting Rights:** The holders of the Third Preferred Shares shall not be entitled to receive notice of or to attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting, except as herein provided or as may be required by law.
- (c) **Ranking of Third Preferred Shares:** No rights, privileges, restrictions or conditions attached to a series of Third Preferred Shares shall confer upon such series (i) a priority in respect of dividends or (ii) a priority in respect of the return of capital over any other series of Third Preferred Shares in the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. The holders of the Third Preferred Shares shall be entitled to priority over the Ordinary Shares of the

Corporation and over any other shares ranking junior to the Third Preferred Shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. If any cumulative dividends or amounts payable on a return of capital in respect of a series of Third Preferred Shares are not paid in full, the Third Preferred Shares of all series shall participate rateably in respect of such dividends, including accumulations, if any, in accordance with the sums that would be payable on such shares if such dividends were declared and paid in full, and in respect of any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full; provided, however, that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the Third Preferred Shares with respect to repayment of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends. The Third Preferred Shares of any series may also be given such other preferences not inconsistent with clauses 3(a) to 3(e) hereof over the Ordinary Shares and over any other shares ranking junior to the Third Preferred Shares as may be determined in the case of such series of Third Preferred Shares.

- (d) **Restrictions on Dividends and Redemptions, etc.:** No dividend shall at any time be declared or paid or set apart for payment on the Ordinary Shares or such other shares of the Corporation ranking junior to Third Preferred Shares unless all dividends (if any) up to and including the dividend payable for the last completed period for which such dividend shall be payable on each series of Third Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on the Ordinary Shares or such other shares of the Corporation ranking junior to the Third Preferred Shares; nor shall the Corporation call for redemption, redeem, purchase for cancellation, acquire for value or reduce or otherwise pay off any of the Ordinary Shares or any other shares of the Corporation ranking junior to the Third Preferred Shares unless and until all dividends up to and including the dividends payable for the last completed period for which such dividend shall be payable on each series of Third Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, acquisition, reduction or other payment.
- (e) **Approval of holders of Third Preferred Shares:** The rights, privileges, restrictions and conditions attaching to the Third Preferred Shares may be

added to, changed or removed only with the approval of the holders of the Third Preferred Shares given as hereinafter specified in addition to any other approval required by the *Canada Business Corporations Act*.

The approval of the holders of Third Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Third Preferred Shares may, subject to the provisions applicable to any series of Third Preferred Shares, be given by resolution passed by the affirmative vote of holders holding at least two-thirds of the votes attaching to the Third Preferred Shares represented at a meeting of the holders of Third Preferred Shares duly called for that purpose at which the holders of at least twenty-five per cent (25%) of the outstanding Third Preferred Shares entitled to be voted at such meeting are present or represented by proxy at the time appointed for the meeting. Unless specified herein, the formalities to be observed in respect of the giving of notice of any such meeting or any adjourned meeting and the conduct thereof shall be those from time to time prescribed by the *Canada Business Corporations Act* (as from time to time amended, varied or replaced) and the by-laws of the Corporation with respect to meetings of shareholders. At any adjourned meeting, the holders of the Third Preferred Shares present or represented by proxy may transact the business for which the meeting was originally called without the need to satisfy the above quorum requirement. On every poll taken at a meeting of holders of Third Preferred Shares of any particular series, each holder shall be entitled to one vote in respect of each Third Preferred Share of such series held by the holder. On every poll taken at a meeting of holders of two or more series of Third Preferred Shares, each holder of Third Preferred Shares entitled to vote thereat shall have one vote in respect of each Canadian dollar equivalent of capital of the Corporation to which the holder of such Third Preferred Shares would be entitled upon a liquidation, dissolution or winding-up of the Corporation, calculated as at the close of business on the record date for such meeting.

Third Preferred Shares Series 1

The first series of Third Preferred Shares shall consist of 2,400,000 shares which shall be designated Third Preferred Shares Series 1 (the "Series 1 Shares"), and which, in addition to the rights, privileges, restrictions and conditions attached to the Third Preferred Shares as a class, shall have attached thereto rights, privileges, restrictions and conditions as hereinafter set forth:

- (a) The holders of the Series 1 Shares shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the directors of the

Corporation, floating cumulative preferential cash dividends, at a rate per Series 1 Share equal to the Quarterly Dividend Rate calculated as described below, on the amount of \$1,000 for each Series 1 Share. Such dividends shall accrue and be cumulative from the date of issue of each such Series 1 Share and shall be payable quarterly on the 30th day of January, April, July and October of each year and if the 30th day of such month is not a Business Day, on the next following Business Day (each such date referred to herein as a "Quarterly Dividend Date"). If on any date for the payment of any dividend on the Series 1 Shares the dividend payable on such date is not paid in full on all the Series 1 Shares then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the Board of Directors of the Corporation on which the Corporation shall have sufficient moneys properly applicable to the payment of the same. The holders of the Series 1 Shares shall not be entitled to any dividends other than or in excess of the cash dividends referred to herein.

"Business Day" means a day, other than a Saturday or Sunday, on which Canadian chartered banks are open for domestic business in Calgary, Alberta.

The "Quarterly Dividend Rate" in respect of each Quarterly Dividend Date other than the first Quarterly Dividend Date shall be the product obtained by: (a) adding 10 basis points to the CDOR Rate, as determined below, on the immediately preceding Quarterly Dividend Date; (b) dividing the sum of (a) by 365; and (c) multiplying the quotient of (b) by the number of days from such immediately preceding Quarterly Dividend Date to the Quarterly Dividend Date, counting the immediately preceding Quarterly Dividend Date but not the Quarterly Dividend Date. The initial Quarterly Dividend Rate shall be set on the date of issue of the Series 1 Shares and shall be the product obtained by: (a) adding 10 basis points to the CDOR Rate, as determined below, on the date of issue of the Series 1 Shares; (b) dividing the sum of (a) by 365; and (c) multiplying the quotient of (b) by the number of days from the date of issue of the Series 1 Shares to the first Quarterly Dividend Date, counting the date of issue of the Series 1 Shares but not the first Quarterly Dividend Date.

The "CDOR Rate" on a Quarterly Dividend Date and on the date of issue of the Series 1 Shares shall be the average, rounded to the third decimal, of the three month rate for Canadian dollar bankers' acceptances that appears on the display designated as page "CDOR" on the Reuter Monitor Money Rates Service (or such other page as may replace the CDOR page on the Service for the purpose of

displaying Canadian dollar bankers' acceptance rates) at or about 10:00 a.m. (Toronto time) or so soon thereafter as is practicable on the Quarterly Dividend Date or the date of issue of the Series 1 Shares, as the case may be. If no average three month rate appears on the page but the three month rate for Canadian dollar bankers' acceptances charged by financial institutions appears on the page unaveraged, then the average shall be calculated using that rate. If the CDOR Rate is unavailable on the Quarterly Dividend Date or on the date of issue of the Series 1 Shares, then the CDOR Rate for such date shall be determined by the directors of the Corporation and absent manifest error, such determination shall be final and binding on the holders of the Series 1 Shares.

- (b) **Redemption by Corporation:** The Corporation may redeem at any time the whole or from time to time any part of the then outstanding Series 1 Shares for an amount equal to \$1,000 for each share to be redeemed, together with all dividends (if any) accrued thereon up to the date fixed for redemption and then remaining unpaid on such shares, whether or not earned or declared (which dividends, for such purpose, shall be calculated as if such dividends were accruing from day to day), such amount being herein referred to as the "Redemption Price".
- (c) **Idem:** In the case of any redemption of Series 1 Shares under the provisions of clause (b) hereof, the Corporation shall at least two days (or, if all of the holders of the Series 1 Shares consent, such shorter period to which they may consent) before the date specified for redemption mail (or, with the consent of any particular holder, otherwise deliver) to each person who at the date of mailing (or delivery, as the case may be) is a registered holder of Series 1 Shares to be redeemed a notice in writing of the intention of the Corporation to redeem such Series 1 Shares. Such notice shall (subject to the consent of any particular holder referred to above) be mailed by letter, postage prepaid, addressed to each such holder at the holder's address as it appears on the records of the Corporation or in the event of the address of any such holder not so appearing then to the last known address of such holder; provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Price and the date on which redemption is to take place and if part only of the shares held by the person to whom it is addressed are to be redeemed the number thereof so to be redeemed.

If only a part of the then issued and outstanding Series 1 Shares are to be redeemed, the Series 1 Shares to be redeemed shall be selected:

- (i) from each holder of such shares as nearly as may be in the same proportion as the number of such shares registered in the name of each such holder bears to the aggregate number of Series 1 Shares issued and outstanding immediately prior to such redemption;
- (ii) by lot in such manner as the board of directors of the Corporation in their sole discretion determines; or
- (iii) in such other manner as the board of directors of the Corporation in its sole discretion determines.

On or after the date so specified for redemption, the Corporation shall pay or cause to be paid to or to the order of the holders of the Series 1 Shares to be redeemed the Redemption Price thereof on presentation and surrender at the registered office of the Corporation or any other place designated in such notice of the certificates representing the Series 1 Shares called for redemption. Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada (or, with the consent of any particular holder, by wire or electronic funds transfer or by the issuance to such holder of a promissory note of the Corporation payable upon demand without interest) (or, if all of the holders of the Series 1 Shares consent, by the distribution of assets of the Corporation or by any other means). If a part only of the shares represented by any certificate are redeemed a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified for redemption in any such notice the holders of the Series 1 Shares called for redemption shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of holders of Series 1 Shares in respect thereof unless payment of the Redemption Price is not made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders of the said Series 1 Shares shall remain unaffected. The Corporation shall have the right at any time after the mailing (or delivery, as the case may be) of notice of its intention to redeem any Series 1 Shares to deposit the Redemption Price of the shares so called for redemption or of such of the said shares represented by certificates as have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or in any trust company in Canada, named in such notice, to be paid without interest to or to the order of the respective holders of such

Series 1 Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series 1 Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total Redemption Price so deposited against presentation and surrender of the said certificates held by them respectively and any interest allowed on such deposit shall belong to the Corporation. Without in any manner affecting the effectiveness of the redemption of the Series 1 Shares with respect to which such deposit was made, all amounts so deposited shall be forfeited to the Corporation after six years from the date specified for redemption and the right of the holder of any certificate not presented and surrendered by such time to any payment with respect thereto shall be extinguished for all purposes.

(d) **Participation upon Liquidation, Dissolution or Winding-Up:** In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Series 1 Shares shall be entitled to receive from the assets of the Corporation an amount equal to \$1,000 for each share to be redeemed, together with all dividends (if any) accrued thereon up to the date of distribution and then remaining unpaid on such shares, whether or not earned or declared (which dividends, for such purpose, shall be calculated as if such dividends were accruing from day to day) before any amount shall be paid or any property or assets of the Corporation distributed to the holders of any Ordinary Shares or shares of any other class ranking prior to the Series 1 Shares. After payment to the holders of the Series 1 Shares of the amount so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

Third Preferred Shares, Series 2

The second series of Third Preferred Shares shall consist of 800,000 shares which shall be designated Third Preferred Shares, Series 2 (the "Series 2 Shares"), and which, in addition to the rights, privileges, restrictions and conditions attached to the Third Preferred Shares as a class, shall have attached thereto the rights, privileges, restrictions and conditions as hereinafter set forth:

- (a) The holders of the Series 2 Shares shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the Board of Directors of the Corporation, floating cumulative preferential cash dividends, at a rate per Series 2 Share equal to the Quarterly Dividend Rate calculated as described below, on the amount of \$1,000 for each Series 2 Share. Such dividends shall accrue and be cumulative from the date of issue of each such Series 2 Share and shall be payable quarterly on the 30th day of January, April, July and October of each year and if the 30th day of such month is not a Business Day, on the next following Business Day (each such date referred to herein as a "Quarterly Dividend Date"). If, on any date for the payment of any dividend on the Series 2 Shares, the dividend payable on such date is not paid in full on all the Series 2 Shares then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the Board of Directors of the Corporation on which the Corporation shall have sufficient moneys properly applicable to the payment of the same. The holders of the Series 2 Shares shall not be entitled to any dividends other than or in excess of the cash dividends referred to herein.

"Business Day" means a day, other than a Saturday or Sunday, on which Canadian chartered banks are open for domestic business in Calgary, Alberta.

The "Quarterly Dividend Rate" in respect of each Quarterly Dividend Date other than the first Quarterly Dividend Date shall be the product obtained by: (a) adding 25 basis points to the CDOR Rate, as determined below, on the immediately preceding Quarterly Dividend Date; (b) dividing the sum of (a) by 365; and (c) multiplying the quotient of (b) by the number of days from such immediately preceding Quarterly Dividend Date to the Quarterly Dividend Date, counting the immediately preceding Quarterly Dividend Date but not the Quarterly Dividend Date. The initial Quarterly Dividend Rate shall be set on the date of issuance of the Series 2 Shares and shall be the product obtained by: (a) adding 25 basis points to the CDOR Rate, as determined below, on the date of issue of the Series 2 Shares; (b) dividing the sum of (a) by 365; and (c) multiplying the quotient of (b) by the number of days from the date of issue of the Series 2 Shares to the first Quarterly Dividend Date, counting the date of issue of the Series 2 Shares but not the first Quarterly Dividend Date.

The "CDOR Rate" on a Quarterly Dividend Date and on the date of issue of the Series 2 Shares shall be the average, rounded to the third decimal, of the three month rate for Canadian dollar bankers' acceptances that appears on the display designated as page "CDOR"

on the Reuter Monitor Money Rates Service (or such other page as may replace the CDOR page on the Service for the purpose of displaying Canadian dollar bankers' acceptance rates) at or about 10:00 a.m. (Toronto time) or so soon thereafter as is practicable on the Quarterly Dividend Date or the date of issue of the Series 2 Shares, as the case may be. If no average three month rate appears on the page but the three month rate for Canadian dollar bankers' acceptances charged by financial institutions appears on the page unaveraged, then the average shall be calculated using that rate. If the CDOR Rate is unavailable on the Quarterly Dividend Date or on the date of issue of the Series 2 Shares, then the CDOR Rate for such date shall be determined by the Board of Directors of the Corporation and, absent manifest error, such determination shall be final and binding on the holders of the Series 2 Shares.

- (b) **Redemption by Corporation:** The Corporation may redeem at any time the whole or from time to time any part of the then outstanding Series 2 Shares for an amount equal to \$1,000 for each share to be redeemed, together with all dividends (if any) accrued thereon up to the date fixed for redemption and then remaining unpaid on such shares, whether or not earned or declared (which dividends, for such purpose, shall be calculated as if such dividends were accruing from day to day), such amount being herein referred to as the "Redemption Price".
- (c) **Idem:** In the case of any redemption of Series 2 Shares under the provisions of clause (b) hereof, the Corporation shall at least two days (or, if all of the holders of the Series 2 Shares consent, such shorter period to which they may consent) before the date specified for redemption mail (or, with the consent of any particular holder, otherwise deliver) to each person who at the date of mailing (or delivery, as the case may be) is a registered holder of Series 2 Shares to be redeemed a notice in writing of the intention of the Corporation to redeem such Series 2 Shares. Such notice shall (subject to the consent of any particular holder referred to above) be mailed by letter, postage prepaid, addressed to each such holder at the holder's address as it appears on the records of the Corporation or, in the event of the address of any such holder not so appearing, then to the last known address of such holder; provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Price and the date on which redemption is to take place and if only part of the shares held by the person to whom it is addressed are to be redeemed, the number thereof so to be redeemed.

If only a part of the then issued and outstanding Series 2 Shares are to be redeemed, the Series 2 Shares to be redeemed shall be selected:

- (i) from each holder of such shares as nearly as may be in the same proportion as the number of such shares registered in the name of each such holder bears to the aggregate number of Series 2 Shares issued and outstanding immediately prior to such redemption;
- (ii) by lot in such manner as the Board of Directors of the Corporation, in their sole discretion, determine; or
- (iii) in such other manner as the Board of Directors of the Corporation, in their sole discretion, determine.

On or after the date so specified for redemption, the Corporation shall pay or cause to be paid to, or to the order of, the holders of the Series 2 Shares to be redeemed the Redemption Price thereof on presentation and surrender at the registered office of the Corporation or any other place designated in such notice of the intention to redeem the certificates representing the Series 2 Shares called for redemption.

Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada (or, with the consent of any particular holder, by wire or electronic funds transfer or by the issuance to such holder of a promissory note of the Corporation payable upon demand without interest) (or, if all of the holders of the Series 2 Shares consent, by the distribution of assets of the Corporation or by any other means). If a part only of the shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified for redemption in any such notice the holders of the Series 2 Shares called for redemption shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of holders of Series 2 Shares in respect thereof unless payment of the Redemption Price is not made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders of the said Series 2 Shares shall remain unaffected. The Corporation shall have the right at any time after the mailing (or delivery, as the case may be) of notice of its intention to redeem any Series 2 Shares to deposit the Redemption Price of the shares so called for redemption or of such of the said shares represented by certificates as have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special

account in any chartered bank or in any trust company in Canada, named in such notice, to be paid without interest to or to the order of the respective holders of such Series 2 Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series 2 Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total Redemption Price so deposited against presentation and surrender of the said certificates held by them respectively and any interest allowed on such deposit shall belong to the Corporation. Without in any manner affecting the effectiveness of the redemption of the Series 2 Shares with respect to which such deposit was made, all amounts so deposited shall be forfeited to the Corporation after six years from the date specified for redemption and the right of the holder of any certificate not presented and surrendered by such time to any payment with respect thereto shall be extinguished for all purposes.

- (d) **Participation upon Liquidation, Dissolution or Winding-Up:** In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Series 2 Shares shall be entitled to receive from the assets of the Corporation an amount equal to \$1,000 for each share to be redeemed, together with all dividends (if any) accrued thereon up to the date of distribution and then remaining unpaid on such shares, whether or not earned or declared (which dividends, for such purpose, shall be calculated as if such dividends were accruing from day to day) before any amount shall be paid or any property or assets of the Corporation distributed to the holders of any Ordinary Shares or shares of any other class ranking junior to the Series 2 Shares. After payment to the holders of the Series 2 Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

Third Preferred Shares, Series 3

The third series of Third Preferred Shares shall consist of 900,000 shares which shall be designated Third Preferred Shares, Series 3 (the "Series 3 Shares"), and which, in addition to the rights, privileges, restrictions and conditions attached to the

Third Preferred Shares as a class, shall have attached thereto the rights, privileges, restrictions and conditions as hereinafter set forth:

- (a) The holders of the Series 3 Shares shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the Board of Directors of the Corporation, floating cumulative preferential cash dividends, at a rate per Series 3 Share equal to the Quarterly Dividend Rate calculated as described below, on the amount of \$1,000 for each Series 3 Share. Such dividends shall accrue and be cumulative from the date of issue of each such Series 3 Share and shall be payable quarterly on the 15th day of February, May, August and November of each year and if the 15th day of such month is not a Business Day, on the next following Business Day (each such date referred to herein as a "Quarterly Dividend Date"). If, on any date for the payment of any dividend on the Series 3 Shares, the dividend payable on such date is not paid in full on all the Series 3 Shares then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the Board of Directors of the Corporation on which the Corporation shall have sufficient moneys properly applicable to the payment of the same. The holders of the Series 3 Shares shall not be entitled to any dividends other than or in excess of the cash dividends referred to herein.

"Business Day" means a day, other than a Saturday or Sunday, on which Canadian chartered banks are open for domestic business in Calgary, Alberta.

The "Quarterly Dividend Rate" in respect of each Quarterly Dividend Date other than the first Quarterly Dividend Date shall be the product obtained by: (a) adding 30 basis points to the CDOR Rate, as determined below, on the immediately preceding Quarterly Dividend Date; (b) dividing the sum of (a) by 365; and (c) multiplying the quotient of (b) by the number of days from such immediately preceding Quarterly Dividend Date to the Quarterly Dividend Date, counting the immediately preceding Quarterly Dividend Date but not the Quarterly Dividend Date. The initial Quarterly Dividend Rate shall be set on the date of issuance of the Series 3 Shares and shall be the product obtained by: (a) adding 30 basis points to the CDOR Rate, as determined below, on the date of issue of the Series 3 Shares; (b) dividing the sum of (a) by 365; and (c) multiplying the quotient of (b) by the number of days from the date of issue of the Series 3 Shares to the first Quarterly Dividend Date, counting the date of issue of the Series 3 Shares but not the first Quarterly Dividend Date.

The "CDOR Rate" on a Quarterly Dividend Date and on the date of issue of the Series 3 Shares shall be the average, rounded to the third decimal, of the three month rate for Canadian dollar bankers' acceptances that appears on the display designated as page "CDOR" on the Reuter Monitor Money Rates Service (or such other page as may replace the CDOR page on the Service for the purpose of displaying Canadian dollar bankers' acceptance rates) at or about 10:00 a.m. (Toronto time) or so soon thereafter as is practicable on the Quarterly Dividend Date or the date of issue of the Series 3 Shares, as the case may be. If no average three month rate appears on the page but the three month rate for Canadian dollar bankers' acceptances charged by financial institutions appears on the page unaveraged, then the average shall be calculated using that rate. If the CDOR Rate is unavailable on the Quarterly Dividend Date or on the date of issue of the Series 3 Shares, then the CDOR Rate for such date shall be determined by the Board of Directors of the Corporation and, absent manifest error, such determination shall be final and binding on the holders of the Series 3 Shares.

- (b) **Redemption by Corporation:** The Corporation may redeem at any time the whole or from time to time any part of the then outstanding Series 3 Shares for an amount equal to \$1,000 for each share to be redeemed, together with all dividends (if any) accrued thereon up to the date fixed for redemption and then remaining unpaid on such shares, whether or not earned or declared (which dividends, for such purpose, shall be calculated as if such dividends were accruing from day to day), such amount being herein referred to as the "Redemption Price".
- (c) **Idem:** In the case of any redemption of Series 3 Shares under the provisions of clause (b) hereof, the Corporation shall at least two days (or, if all of the holders of the Series 3 Shares consent, such shorter period to which they may consent) before the date specified for redemption mail (or, with the consent of any particular holder, otherwise deliver) to each person who at the date of mailing (or delivery, as the case may be) is a registered holder of Series 3 Shares to be redeemed a notice in writing of the intention of the Corporation to redeem such Series 3 Shares. Such notice shall (subject to the consent of any particular holder referred to above) be mailed by letter, postage prepaid, addressed to each such holder at the holder's address as it appears on the records of the Corporation or, in the event of the address of any such holder not so appearing, then to the last known address of such holder; provided, however, that accidental failure to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Price and the date on which

redemption is to take place and if only part of the shares held by the person to whom it is addressed are to be redeemed, the number thereof so to be redeemed.

If only a part of the then issued and outstanding Series 3 Shares are to be redeemed, the Series 3 Shares to be redeemed shall be selected:

- (i) from each holder of such shares as nearly as may be in the same proportion as the number of such shares registered in the name of each such holder bears to the aggregate number of Series 3 Shares issued and outstanding immediately prior to such redemption;
- (ii) by lot in such manner as the Board of Directors of the Corporation, in their sole discretion, determine; or
- (iii) in such other manner as the Board of Directors of the Corporation, in their sole discretion, determine.

On or after the date so specified for redemption, the Corporation shall pay or cause to be paid to, or to the order of, the holders of the Series 3 Shares to be redeemed the Redemption Price thereof on presentation and surrender at the registered office of the Corporation or any other place designated in such notice of the intention to redeem the certificates representing the Series 3 Shares called for redemption.

Such payment shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada (or, with the consent of any particular holder, by wire or electronic funds transfer or by the issuance to such holder of a promissory note of the Corporation payable upon demand without interest) (or, if all of the holders of the Series 3 Shares consent, by the distribution of assets of the Corporation or by any other means). If a part only of the shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the expense of the Corporation. From and after the date specified for redemption in any such notice the holders of the Series 3 Shares called for redemption shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of holders of Series 3 Shares in respect thereof unless payment of the Redemption Price is not made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders of the said Series 3 Shares shall remain unaffected. The Corporation shall have the right at any time after the mailing (or delivery, as the case may be) of notice of its intention to redeem any

Series 3 Shares to deposit the Redemption Price of the shares so called for redemption or of such of the said shares represented by certificates as have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or in any trust company in Canada, named in such notice, to be paid without interest to or to the order of the respective holders of such Series 3 Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same, and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series 3 Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total Redemption Price so deposited against presentation and surrender of the said certificates held by them respectively and any interest allowed on such deposit shall belong to the Corporation. Without in any manner affecting the effectiveness of the redemption of the Series 3 Shares with respect to which such deposit was made, all amounts so deposited shall be forfeited to the Corporation after six years from the date specified for redemption and the right of the holder of any certificate not presented and surrendered by such time to any payment with respect thereto shall be extinguished for all purposes.

- (d) **Participation upon Liquidation, Dissolution or Winding-Up:** In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Series 3 Shares shall be entitled to receive from the assets of the Corporation an amount equal to \$1,000 for each share to be redeemed, together with all dividends (if any) accrued thereon up to the date of distribution and then remaining unpaid on such shares, whether or not earned or declared (which dividends, for such purpose, shall be calculated as if such dividends were accruing from day to day) before any amount shall be paid or any property or assets of the Corporation distributed to the holders of any Ordinary Shares or shares of any other class ranking junior to the Series 3 Shares. After payment to the holders of the Series 3 Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

(4) FOURTH PREFERRED SHARES

The Fourth Preferred Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

- (a) **Definitions:** In these Fourth Preferred Share provisions, unless the subject matter or context is inconsistent therewith:

"Business Day" means any day other than a Saturday, a Sunday or a day when banks are not open for business where the registered office of the Corporation is located.

"Cash Redemption Amount" means the cash amount determined by multiplying the Current Market Price of a Laidlaw Share on the Redemption Date by a factor of seven.

"Cash Retraction Amount" means the cash amount determined by multiplying the Current Market Price of a Laidlaw Share on the Retraction Date by a factor of seven.

"Current Market Price" means, in respect of a Laidlaw Share on any particular date, the weighted average of the Laidlaw Class A Share 20 Day Price and the Laidlaw Class B Share 20 Day Price.

"Dividend Amount" means an amount equal to the full amount of all dividends and distributions declared but remaining unpaid on each Fourth Preferred Share, and all dividends and distributions declared on a Laidlaw Share that have not been declared and paid on each Fourth Preferred Share in accordance with the dividend provisions herein, in each case with a record date prior to the effective date of the exchange of such Fourth Preferred Share for Laidlaw Shares hereunder.

"Laidlaw" means Laidlaw Inc., a corporation incorporated under the laws of Canada.

"Laidlaw Class A Share 20 Day Price" means on any particular date, the weighted average trading price of a Laidlaw Class A Share for the 20 consecutive trading days ending five trading days prior to such date (or, if no trading price is reported for any such day, the average of the bid and ask prices for such day) on The Toronto Stock Exchange or, if such shares are not then listed on The Toronto Stock Exchange, on such other exchange or automated quotation system on which the Laidlaw Class A Shares are then listed or quoted, as the case may be, as may be selected by the board of

directors of the Corporation for such purpose; provided, however, that if the Laidlaw Class A Shares are not listed on any stock exchange or traded in an over-the-counter market, the Laidlaw Class A Share 20 Day Price shall be the fair market value of a Laidlaw Class A Share at such date, as determined by the board of directors of the Corporation based upon the advice of such qualified independent financial advisers as the board of directors of the Corporation may deem to be appropriate, and provided further that any such selection, opinion or determination by the board of directors of the Corporation shall be conclusive and binding.

"Laidlaw Class A Shares" means Class A Shares in the capital of Laidlaw, and any other securities into which such shares may be changed or for which such shares may be exchanged (whether or not Laidlaw shall be the issuer of such other securities) or any other consideration which may be received by the holders of such shares pursuant to a recapitalization, reconstruction, reorganization or reclassification of, or amalgamation, merger, liquidation or similar transaction affecting, such shares.

"Laidlaw Class B Share 20 Day Price" means on any particular date, the weighted average trading price of a Laidlaw Class B Share for the 20 consecutive trading days ending five trading days prior to such date (or, if no trading price is reported for any such day, the average of the bid and ask prices for such day) on The Toronto Stock Exchange or, if such shares are not then listed on The Toronto Stock Exchange, on such other exchange or automated quotation system on which the Laidlaw Class B Shares are then listed or quoted, as the case may be, as may be selected by the board of directors of the Corporation for such purpose; provided, however, that if the Laidlaw Class B Shares are not listed on any stock exchange or traded in an over-the-counter market, the Laidlaw Class B Share 20 Day Price shall be the fair market value of a Laidlaw Class B Share at such date, as determined by the board of directors of the Corporation based upon the advice of such qualified independent financial advisers as the board of directors of the Corporation may deem to be appropriate, and provided further that any such selection, opinion or determination by the board of directors of the Corporation shall be conclusive and binding.

"Laidlaw Class B Shares" means Class B Non-Voting Shares in the capital of Laidlaw, and any other securities into which such shares may be changed or for which such shares may be exchanged (whether or not Laidlaw shall be the issuer of such other securities) or any other consideration which may be received by the holders of such shares pursuant to a recapitalization, reconstruction, reorganization or reclassification of, or amalgamation, merger, liquidation or similar transaction affecting, such shares.

"*Laidlaw Dividend Payment Date*" means the date on which the board of directors of Laidlaw Inc. pays any dividend on the Laidlaw Shares.

"*Laidlaw Share Unit*" means 3 Laidlaw Class A Shares and 4 Laidlaw Class B Shares; provided that the Laidlaw Share Unit shall be calculated in accordance with clause (l) if any of the events described therein should occur, including an adjustment for purposes of determining the amount of dividends on each Fourth Preferred Share in the event that Laidlaw shall either declare (i) a cash dividend on one class of Laidlaw Shares without contemporaneously declaring a cash dividend on the other class of Laidlaw Shares or (ii) a stock dividend or other distribution on Laidlaw Shares of only one class of Laidlaw Shares.

"*Laidlaw Share*" means a Laidlaw Class A Share or Laidlaw Class B Share, as the case may be.

"*Mandatory Redemption Date*" means October 15, 2001.

"*Redemption Price*" has the meaning set out in clause (k).

"*Retraction Date*" has the meaning set out in clause (j).

"*Retraction Price*" has the meaning set out in clause (j).

"*Retraction Request*" has the meaning set out in clause (j).

"*Retracted Shares*" has the meaning set out in clause (j).

- (b) **Voting Rights:** The holders of the Fourth Preferred Shares shall not be entitled to receive notice of or to attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting, except as herein provided or as may be required by law.
- (c) **Ranking of Fourth Preferred Shares:** The holders of the Fourth Preferred Shares shall be entitled to priority over the Ordinary Shares of the Corporation and over any other shares ranking junior to the Fourth Preferred Shares with respect to the payment of dividends as and to the extent provided in clause (d) and with respect to the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs as and to the extent provided in clause (i). The holders of the Fourth Preferred Shares shall rank junior to the

holders of the First Preferred Shares, Second Preferred Shares and Third Preferred Shares of the Corporation with respect to the payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purposes of winding-up its affairs.

- (d) **Dividends:** A holder of a Fourth Preferred Share shall be entitled to receive from the Corporation, on each Laidlaw Dividend Payment Date, (a) in the case of a cash dividend or distribution on both classes of Laidlaw Shares, a dividend on each Fourth Preferred Share in an amount in cash equal to the cash dividend or distribution paid on each Laidlaw Share Unit, (b) in the case of a stock dividend or other distribution of Laidlaw Class A Shares and Laidlaw Class B Shares on both classes of Laidlaw Shares to be paid in Class A Laidlaw Shares and Class B Laidlaw Shares, a dividend on each Fourth Preferred Share in the form of one Fourth Preferred Share for each 3 Laidlaw Class A Shares and 4 Laidlaw Class B Shares delivered to the Corporation in respect of the Laidlaw dividend (if such calculation results in a fraction of a Fourth Preferred Share, the holders shall receive in lieu of such fraction an amount in cash equal to the product obtained by multiplying such fraction by the Current Market Price of a Laidlaw Share Unit as at the Laidlaw Dividend Payment Date) or (c) in the case of a dividend or distribution declared on the Laidlaw Shares other than a cash dividend on both classes of Laidlaw Shares or a stock dividend or other distribution of both classes of Laidlaw Shares, a dividend on each Fourth Preferred Share in such type and amount of property for each Fourth Preferred Share as is the same as or economically equivalent to (as determined by the board of directors) the dividend or distribution on a Laidlaw Share Unit. Such dividends shall be paid out of the assets of the Corporation properly applicable to the payment of dividends, or out of authorized but unissued shares or other securities of the Corporation.
- (e) **Payment of Dividends:** Cheques of the Corporation payable at par at any branch of the bankers of the Corporation shall be issued in respect of any cash dividends or distributions contemplated herein and the sending of such a cheque to each holder of a Fourth Preferred Share shall satisfy the cash dividend represented thereby unless the cheque is not paid on presentation. Certificates registered in the name of the registered holder of Fourth Preferred Shares shall be issued or transferred in respect of any stock dividends or other distribution of Fourth Preferred Shares contemplated herein and the sending of such a certificate to each holder of a Fourth Preferred Share shall satisfy the stock dividend or other distribution of Fourth Preferred Shares represented thereby. Any other type and amount of property in respect of any dividends or distributions contemplated by clause

(d) hereof shall be issued, distributed or transferred by the Corporation in such manner as it shall determine and such issuance, distribution or transfer by the Corporation in respect of a Fourth Preferred Share shall satisfy the dividend or distribution.

- (f) **Record and Payment Dates:** The record date for the determination of the holders of Fourth Preferred Shares entitled to receive payment of, and the payment date for, any dividend or distribution declared on the Fourth Preferred Shares hereunder shall be the same as the record date and payment date, respectively, for the corresponding dividend or distribution declared on the Laidlaw Shares.
- (g) **Partial Payment:** If on any payment date for any dividends or distributions declared on the Fourth Preferred Shares hereunder the dividends or distributions are not paid in full on all of the Fourth Preferred Shares then outstanding, any such dividends or distributions that remain unpaid shall be paid on a subsequent date or dates determined by the board of directors on which the Corporation shall have sufficient money or other assets properly applicable to the payment of such dividends or distributions.
- (h) **Restrictions on Dividends and Redemptions, etc.:** No dividend shall at any time be declared or paid or set apart for payment on the Ordinary Shares or other shares of the Corporation ranking junior to Fourth Preferred Shares unless all dividends (if any) up to and including the last dividend payable on the Fourth Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on the Ordinary Shares or other shares of the Corporation ranking junior to the Fourth Preferred Shares; nor shall the Corporation call for redemption, redeem, purchase for cancellation, acquire for value or reduce or otherwise pay off any of the Ordinary Shares or any other shares of the Corporation ranking junior to the Fourth Preferred Shares unless and until all dividends up to and including the last dividend payable on the Fourth Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, acquisition, reduction or other payment.
- (i) **Participation upon Liquidation, Dissolution or Winding-Up:** In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Fourth Preferred Shares shall be entitled to receive from the assets of the Corporation an amount equal to \$104.30 for each share to be redeemed, together with all dividends (if any) accrued thereon up to the date of distribution and then remaining

unpaid on such shares, whether or not earned or declared, before any amount shall be paid or any property or assets of the Corporation distributed to the holders of any Ordinary Shares or shares of any other class ranking prior to the Fourth Preferred Shares. After payment to the holders of the Fourth Preferred Shares of the amount so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

(j) **Retraction at Option of Holder:**

- (i) A holder of Fourth Preferred Shares shall be entitled at any time prior to the Mandatory Redemption Date to require the Corporation to redeem, not later than the fifth Business Day after the day on which the Retraction Request is received by the Corporation (the "Retraction Date"), any or all of the Fourth Preferred Shares registered in the name of such holder. The Corporation may fully satisfy its obligation to redeem such Fourth Preferred Shares by either (a) delivering to such holder a Laidlaw Share Unit in respect of each Fourth Preferred Share to be redeemed or (b) by payment of a cash amount equal to the Cash Retraction Amount in respect of each Fourth Preferred Share to be redeemed and, in either case, by payment of any unpaid Dividend Amount (collectively, the "Retraction Price"). To effect a redemption hereunder, the holder must present and surrender at the registered office of the Corporation the certificate representing the Fourth Preferred Shares that the holder desires to have the Corporation redeem, together with such other documents and instruments as may be required to effect a transfer of Fourth Preferred Shares under the *Canada Business Corporations Act* and such additional documents and instruments as the Corporation may reasonably require, together with a duly executed statement (the "Retraction Request") specifying that the holder desires to have all or any of the Fourth Preferred Shares represented by such certificate (the "Retracted Shares") redeemed by the Corporation.
- (ii) In the case of a redemption of Fourth Preferred Shares under this clause (j), upon receipt by the Corporation in the manner specified herein of a certificate representing the number of Fourth Preferred Shares which the holder desires to have the Corporation redeem, together with a Retraction Request, and provided that the Retraction Request is not revoked by the holder in the manner specified herein, the Corporation shall redeem the Retracted Shares effective at the close of business on the Retraction Date. On the Retraction Date, the Corporation shall deliver or cause to be delivered to the relevant

holder, at the address of the holder recorded in the securities register of the Corporation for the Fourth Preferred Shares or at the address specified in the holder's Retraction Request or by holding for pick up by the holder at the registered office of the Corporation either (a) if the Corporation has elected to satisfy its obligation to pay the Retraction Price by delivery of a Laidlaw Share Unit for each Fourth Preferred Share to be redeemed, certificates representing such Laidlaw Shares (which shares shall be duly issued as fully paid and non-assessable and shall be free and clear of any lien, claim, encumbrance, security interest or adverse claim) duly endorsed for transfer in the name of the holder or in such other name as the holder may request or (b) if the Corporation has elected to satisfy its obligation to pay the Retraction Price by payment of the Cash Retraction Amount for each Fourth Preferred Share to be redeemed, a cheque of the Corporation in the amount of the Cash Retraction Amount for each Fourth Preferred Share payable at par at any branch of the bankers of the Corporation and (c) in either case, a cheque of the Corporation payable at par at any branch of the bankers of the Corporation in payment of the remaining portion, if any, of the aggregate Retraction Price to which such holder is entitled and delivery of such certificate and cheque on behalf of the Corporation shall be deemed to be payment of and shall satisfy and discharge all liability for the Retraction Price to the extent that the same is represented by such share certificates and cheque, unless such cheque is not paid on due presentation. If only a part of the Fourth Preferred Shares represented by any certificate is redeemed, a new certificate for the balance of such Fourth Preferred Shares shall be issued to the holder at the expense of the Corporation.

- (iii) On and after the close of business on the Retraction Date, the holder of the Retracted Shares shall cease to be a holder of such Retracted Shares and shall not be entitled to exercise any of the rights of a holder in respect thereof, other than the right to receive its proportionate part of the aggregate Retraction Price for such Retracted Shares, unless upon presentation and surrender of certificates in accordance with the foregoing provisions, payment of the aggregate Retraction Price payable to such holder shall not be made, in which case the rights of such holder shall remain unaffected until such aggregate Retraction Price has been paid in the manner hereinbefore provided.
- (iv) Notwithstanding any other provision of this clause (j), the Corporation shall not be obligated to redeem Retracted Shares specified by a holder in a Retraction Request to the extent that such redemption of

Retracted Shares would be contrary to solvency requirements or other provisions of applicable law. If the Corporation believes that on any Retraction Date it would not be permitted by any of such provisions to redeem the Retracted Shares tendered for redemption on such date, the Corporation shall only be obligated to redeem Retracted Shares specified by a holder in a Retraction Request to the extent of the maximum number that may be so redeemed (rounded down to a whole number of shares) as would not be contrary to such provisions and shall notify the holder at least two Business Days prior to the Retraction Date as to the number of Retracted Shares which will not be redeemed by the Corporation. In any case in which the redemption by the Corporation of Retracted Shares would be contrary to solvency requirements or other provisions of applicable law and more than one holder has delivered a Retraction Request, the Corporation shall redeem Retracted Shares in accordance with clause (j)(ii) on a pro rata basis and shall issue to each such holder of Retracted Shares a new certificate, at the expense of the Corporation, representing the Retracted Shares not redeemed by the Corporation pursuant to clause (j)(ii) hereof.

- (v) A holder of Retracted Shares may, by notice in writing given by the holder to the Corporation before the close of business on the Business Day immediately preceding the Retraction Date, withdraw its Retraction Request, in which event such Retraction Request shall be null and void.

(k) **Mandatory Redemption by the Corporation:**

- (i) Subject to applicable law, the Corporation shall on the Mandatory Redemption Date redeem all of the then outstanding Fourth Preferred Shares. The Corporation may fully satisfy its obligation to redeem such Fourth Preferred Shares by either (a) delivering to such holder a Laidlaw Share Unit in respect of each Fourth Preferred Share to be redeemed or (b) by payment of a cash amount equal to the Cash Redemption Amount in respect of each Fourth Preferred Share to be redeemed and, in either case, by payment of any unpaid Dividend Amount (collectively, the "Redemption Price").
- (ii) In case of a redemption of Fourth Preferred Shares under this clause (k), the Corporation shall, at least five Business Days before the Mandatory Redemption Date, send or cause to be sent to each holder of Fourth Preferred Shares a notice in writing of the redemption by the

Corporation of the Fourth Preferred Shares held by such holder. Such notice shall set out the formula for determining the Redemption Price.

- (iii) On or after the Mandatory Redemption Date, the Corporation shall deliver or cause to be delivered to holders of the Fourth Preferred Shares to be redeemed the Redemption Price for each such Fourth Preferred Share upon presentation and surrender at the registered office of the Corporation of the certificates representing such Fourth Preferred Shares, together with such other documents and instruments as may be required to effect a transfer of Fourth Preferred Shares under the *Canada Business Corporations Act*, and such additional documents and instruments as the Corporation may reasonably require. Payment of the aggregate Redemption Price for the Fourth Preferred Shares held by a holder shall be made either (a) if the Corporation has elected to satisfy its obligation to pay the Redemption Price by delivery of a Laidlaw Share Unit for each Fourth Preferred Share to be redeemed, by delivery to such holder, at the address of such holder recorded in the securities register of the Corporation or by holding for pick up by the holder at the registered office of the Corporation, of certificates representing such Laidlaw Shares (which shares shall be duly issued as fully paid and non-assessable and shall be free and clear of any lien, claim, encumbrance, security interest or adverse claim) duly endorsed for transfer in the name of the holder or in such other name as the holder may request or (b) if the Corporation has elected to satisfy its obligation to pay the Redemption Price by payment of the Cash Redemption Amount for each Fourth Preferred Share to be redeemed, a cheque of the Corporation in the amount of the Cash Redemption Amount for each Fourth Preferred Share payable at par at any branch of the bankers of the Corporation and (c) in either case, a cheque of the Corporation payable at par at any branch of the bankers of the Corporation in payment of the remaining portion, if any, of the aggregate Redemption Price for each Fourth Preferred Share to be redeemed.
- (iv) On and after the Mandatory Redemption Date, the holders of the Fourth Preferred Shares called for redemption shall not be entitled to exercise any of the rights of holders in respect thereof, other than the right to receive their proportionate part of the total Redemption Price, unless payment of the aggregate Redemption Price deliverable to a holder for Fourth Preferred Shares shall not be made upon presentation and surrender of share certificates in accordance with the foregoing provisions, in which case the rights of the holder shall

remain unaffected until the aggregate Redemption Price deliverable to such holder has been paid in the manner hereinbefore provided. The Corporation shall have the right at any time after the sending of notice of its intention to redeem the Fourth Preferred Shares as aforesaid to deposit or cause to be deposited the aggregate Redemption Price of the Fourth Preferred Shares so called for redemption, or of such of the said Fourth Preferred Shares represented by certificates that have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, in a custodial account with any chartered bank or trust company in Canada named in such notice and any interest allowed on such deposit shall belong to the Corporation. Provided that the total Redemption Price has been so deposited prior to the Mandatory Redemption Date, on and after the Mandatory Redemption Date, the Fourth Preferred Shares shall be redeemed and the rights of the holders thereof after the Mandatory Redemption Date shall be limited to receiving their proportionate part of the total Redemption Price for such Fourth Preferred Shares so deposited, against presentation and surrender of the said certificates held by them, respectively, in accordance with the foregoing provisions.

(I) **Adjustment Provisions**

- (i) The dividend, retraction, redemption or other relevant provisions of the Fourth Preferred Shares shall be subject to adjustment or modification from time to time in the event that: Laidlaw shall divide either class of the Laidlaw Shares into a greater number of shares or shall consolidate the Laidlaw Shares into a lesser number of shares; there is a capital reorganization of Laidlaw or a consolidation or merger or amalgamation of Laidlaw with or into any other company or body corporate, including by way of sale whereby all or substantially all of Laidlaw's undertaking and assets would become the property of any other company or body corporate; Laidlaw shall issue options, rights or warrants to all or substantially all the holders of either class of the Laidlaw Shares under which such holders are entitled to subscribe for or purchase additional shares (or securities convertible or exchangeable into additional shares) at a subscription, purchase, exchange or conversion price per share less than 95% of the market price in effect on the record date for such issue; Laidlaw shall issue or distribute to the holders of the Laidlaw Shares shares of any class other than Laidlaw Class A or Laidlaw Class B Shares, or options, rights or warrants, or evidences of indebtedness or any other assets (apart from cash dividends paid in the ordinary course); Laidlaw shall either declare (i) a cash dividend on one class of Laidlaw Shares

without contemporaneously declaring a cash dividend on the other class of Laidlaw Shares or (ii) a stock dividend or other distribution on Laidlaw Shares of only one class of Laidlaw Shares; Laidlaw shall reclassify either class of the outstanding Laidlaw Shares; or Laidlaw shall take any action affecting either class of the Laidlaw Shares which in the opinion of the board of directors of the Corporation would materially affect the rights of the holders of Fourth Preferred Shares established herein.

- (ii) In any of the foregoing events, the adjustment shall be such as is determined to be appropriate in the circumstances by the board of directors of the Corporation so that the holder of each Fourth Preferred Share continues to be in a position in respect of dividends and the effect of a retraction or redemption which is economically equivalent to that resulting for a holder of a Laidlaw Share Unit.
- (iii) The board of directors of the Corporation shall determine, in good faith and in its sole discretion what is an appropriate adjustment for the purposes of any event referred to in this clause (i) and each such determination shall be conclusive and binding.
- (iv) If the board of directors of the Corporation does not take action to provide for an adjustment, this shall be conclusive evidence that the board of directors of the Corporation has determined that it is appropriate to make no adjustment in the circumstances.
- (m) **Approval of Holders of Fourth Preferred Shares:** The rights, privileges, restrictions and conditions attaching to the Fourth Preferred Shares may be added to, changed or removed only with the approval of the holders of the Fourth Preferred Shares given as hereinafter specified, in addition to any other approval required by the *Canada Business Corporations Act*.

The approval of the holders of Fourth Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Fourth Preferred Shares may be given by resolution passed by the affirmative vote of holders holding at least two-thirds of the votes attaching to the Fourth Preferred Shares represented at a meeting of the holders of Fourth Preferred Shares duly called for that purpose at which the holders of at least twenty-five per cent (25%) of the outstanding Fourth Preferred Shares entitled to be voted at such meeting are present or represented by proxy at the time appointed for the meeting. Unless specified herein, the formalities to be observed in respect of the giving of notice of any such meeting or any adjourned meeting and the conduct thereof shall be those from time to time

prescribed by the *Canada Business Corporations Act* (as from time to time amended, varied or replaced) and the by-laws of the Corporation with respect to meetings of shareholders. At any adjourned meeting, the holders of the Fourth Preferred Shares present or represented by proxy may transact the business for which the meeting was originally called without the need to satisfy the above quorum requirement. On every poll taken at a meeting of holders of Fourth Preferred Shares each holder shall be entitled to one vote in respect of each Canadian dollar equivalent of capital of the Corporation to which the holder of such Fourth Preferred Shares would be entitled upon a liquidation, dissolution or winding-up of the Corporation, calculated as at the close of business on the record date for such meeting.

- (n) **Restriction on Transfer:** No Fourth Preferred Share shall be transferred without the approval of the board of directors of the Corporation.

(5) ORDINARY SHARES

The Ordinary Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

- (a) The holders of the Ordinary Shares are entitled to vote at any meeting of shareholders of the Corporation except at separate meetings of or on separate votes by the holders of another class or series of shares.
- (b) The holders of the Ordinary Shares are entitled to receive any dividend declared by the Corporation except dividends declared on another class or series of shares.
- (c) Subject to the rights of the holders of the shares of other classes, the holders of the Ordinary Shares shall be entitled to receive the remaining property of the Corporation on dissolution.

**Schedule 2 to the
Articles of Amalgamation of
Canadian Pacific Railway Company
Compagnie de Chemin de Fer Canadien Pacifique**

The Corporation was incorporated by Letters Patent bearing date the 16th day of February, 1881, issued by His Excellency the Governor General of Canada under the Great Seal of Canada pursuant to an Act of the Parliament of Canada being Statutes of Canada (1881), 44 Victoria, Chapter 1 assented to on the 15th day of February, 1881, together with amending and supplementary Acts and Letters Patent. The Corporation was continued under the Canada Business Corporations Act by Certificate of Continuance dated May 2, 1984.

**Schedule 3 to the
Articles of Amalgamation of
Canadian Pacific Railway Company
Compagnie de Chemin de Fer Canadien Pacifique**

(1) The provisions of the charter of the Corporation including its Act of Incorporation and all amendments thereto and its Letters Patent and all Letters Patent supplementary thereto (hereinafter referred to in this Schedule as the "Charter") continue to apply amended as required to conform to the Canada Business Corporations Act, except as otherwise provided herein and as to matters provided for by that Act.

(2) Ordinary Shares may be issued in such amounts and at such times and to such persons and for such consideration and for such purposes as the directors may from time to time determine.

(3) The Corporation may continue to issue consolidated debenture stock and bonds, debentures or other securities collateral to or in lieu of any consolidated debenture stock as contemplated by the Charter amended as aforesaid. Except to the extent required to conform to the Canada Business Corporations Act and as otherwise provided herein, no security or security interest heretofore outstanding shall be affected by the continuance of the Corporation.

(4) The holders of shares of a class or series shall not be entitled to vote separately as a class or series pursuant to section 176 of the Canada Business Corporations Act upon a proposal to amend the articles to:

- (a) increase or decrease any maximum number of authorized shares of such class, or increase any maximum number of authorized shares of a class having rights or privileges equal or superior to the shares of such class.
- (b) effect an exchange, reclassification or cancellation of all or part of the shares of such class, or
- (c) create a new class of shares equal or superior to the shares of such class;

provided, however, that this section shall not be interpreted as affecting any right to vote that is conferred by the Charter.

(5) The Corporation shall continue to have, hold and enjoy all rights, licences, franchises, powers, privileges, authorities and immunities heretofore granted to or conferred upon it by law or contract.

**Schedule 4 to the
Articles of Amalgamation of
Canadian Pacific Railway Company
Compagnie de Chemin de Fer Canadien Pacifique**

The actual number of directors within the minimum and maximum number may be determined from time to time by resolution of the directors and any vacancy among the directors resulting from an increase in the number of directors as so determined may be filled by resolution of the directors.

31635 SERVICE DATE - FEBRUARY 16, 2001

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34004]

Canadian Pacific Railway Company and Napierville Junction Railway

Company—Corporate Family Transaction Exemption—St. Lawrence & Hudson Railway

Company Limited

Canadian Pacific Railway Company (CPR) and Napierville Junction Railway Company (NJR)¹ (collectively applicants) have filed a verified notice of exemption under 49 CFR 1180.2(d)(3) to absorb the St. Lawrence & Hudson Railway Company Limited (St. L & H) and the assets it holds back into CPR, its parent corporation.² The United States assets of St. L & H rail to be absorbed into CPR are described as follows:³

(1) St. L & H's interest in CNCP-Niagara Detroit, an Ontario partnership, which owns all of the stock of Detroit River Tunnel Company (DRTC) and Niagara River Bridge Company (NRBC). St. L & H held trackage rights from DRTC and NRBC: (a) through the Detroit River Tunnel (a railway tunnel connecting Detroit, MI, and

¹ NJR is a wholly owned subsidiary of CPR.

² St. L & H was created in 1996 as a wholly owned subsidiary of CPR. See Canadian Pacific Limited, Canadian Pacific Railway Company, and Napierville Junction Railroad Company—Corporate Family Transaction Exemption—St. Lawrence & Hudson Railway Company Limited, STB Finance Docket No. 33136 (STB served Oct. 9, 1996).

³ Applicants state that the rail assets to be transferred in STB Finance Docket No. 34004 are identical to those covered by the transaction in STB Finance Docket No. 33136.

EXHIBIT NO.

B

STB Finance Docket No. 34004

Windsor, Ontario, Canada) in the U.S. from the international border (mid-tunnel at milepost 226.3) to the end of the connecting track at milepost 228.2, in Detroit, a distance of approximately 2 miles; and (b) over the Suspension Bridge (a railway bridge between Niagara Falls, Ontario, Canada, and Niagara Falls, NY) in the U.S. between the international border (milepost 0.2) and the end of the access track at milepost 0.0, in Niagara Falls, a distance of 0.2 miles. The trackage rights also include short segments of connecting track at both the Detroit River Tunnel and the Suspension Bridge.

(2) St. L & H's leasehold interest in the rail properties of the NJR⁴ consisting of a 1.1-mile segment of track on the U.S. side of the international border near Rouses Point, NY, where NJR connects with the lines of the Delaware and Hudson Railway Company, Inc., a wholly owned subsidiary of CPR.

(3) St. L & H's incidental overhead trackage rights to reach connections with U.S. carriers in the Detroit terminal area as follows: (a) former Consolidated Rail Corporation (Conrail) trackage between the end of the Detroit River Tunnel connecting track (Conrail milepost 2.02 Main Line) and Conrail milepost 9.3, Detroit Line, including the Delray Interlocking, at milepost 5.3, Detroit Line, and between milepost 2.02 and milepost 3.1, Mackinaw Branch, a total distance of approximately 8.4 miles; (b) former Norfolk and Western Railway Company (NW) line between the Delray Interlocking (NW milepost 4.4) and Oakwood Yard (NW milepost 8.87), a distance of approximately 4.47 miles; and

⁴ Applicants note that NJR was a party to the STB Finance Docket No. 33136 proceeding when it granted the leasehold interest to St. L & H. Applicants further note that, other than NJR's role as the lessor of the trackage, NJR is not involved in the STB Finance Docket No. 34004 transaction.

(c) the CSX Transportation, Inc. (CSXT) line between Delray Interlocking (CSXT milepost 4.5) and Rougemere Yard (CSXT milepost 6.6), a distance of approximately 2.1 miles.

The verified notice states that the transaction was consummated on January 1, 2001. The earliest the transaction could have been consummated was February 7, 2001, the effective date of the exemption (7 days after the exemption was filed).⁵

The transaction is part of a corporate reorganization designed to dissolve St. L & H and to absorb its properties and operations into CPR. This is a transaction within a corporate family of the type specifically exempted from prior review and approval under 49 CFR 1180.2(d)(3). As described, the transaction will not result in adverse changes in service levels, operational changes, or a change in the competitive balance with carriers outside the applicants' corporate family.

Applicants state that there will be no change in operations as a result of this transaction, and they do not anticipate that any labor impacts will occur within the United States. Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Applicants state that they recognize the Board's obligation to impose employee protective conditions pursuant to 49 U.S.C. 11326(a) for the benefit of their U.S. railroad

⁵ Pursuant to 49 CFR 1180.4, to qualify for an exemption under 49 CFR 1180.2(d), a railroad must file a verified notice of the transaction with the Board at least one week before the transaction is consummated.

employees, and that they agree to imposition of the conditions imposed in New York Dock Ry.-Control-Brooklyn Eastern Dist., 360 I.C.C. 60 (1979) (New York Dock).

If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34004, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Diane Gerth, Esq., Leonard, Street and Deinard, 150 South Fifth Street, Minneapolis, MN 55402.

Board decisions and notices are available on our website at
"WWW.STB.DOT.GOV."

Decided: February 9, 2001.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.

STB Finance Docket No. 34004

CANADIAN PACIFIC RAILWAY COMPANY AND NAPIERVILLE JUNCTION RAILWAY
COMPANY - CORPORATE FAMILY TRANSACTION - ST. LAWRENCE & HUDSON
RAILWAY COMPANY LIMITED

VERIFIED STATEMENT OF MURRAY ROSS

1. My name is Murray Ross. I am employed by Canadian Pacific Railway as Manager, Billing & Border Services. In my position, I oversee the border services function that Canadian Pacific provides for its freight shippers who move goods across the United States/Canadian border. The border services team has responsibility to ensure that the proper transborder documentation (electronic or paper) is presented to US or Canada Customs prior to train arrival at a border port of entry. In this regard, our goal is to ensure that train and shipment dwell at the border is kept to a minimum, while meeting the needs of US and Canada Customs or other Government agencies.
2. Until February, 2002, CPR's customs and border service work had been performed in several locations including Winnipeg, Manitoba, Canada and at border crossings, including Detroit, Michigan. In 2001, CPR determined that operational efficiencies and cost savings would be achieved if the functions that were being provided at several locations were to be consolidated at one central location. Based upon internal discussions, it was determined that the

border services functions would be consolidated in Winnipeg, Manitoba. This would result in the elimination of the positions that had been based in Detroit, Michigan.

3. In October 2001, employees in the Border Services Group were given notice that the functions currently being performed at three Canadian Pacific locations would be relocated to a single location at Winnipeg, Manitoba. A copy of the notice given to the president of the union representing the border services employees in Detroit is attached to this Verified Statement as Exhibit A.

4. As a result of the October 15, 2001 notice, CPR began negotiations with the United Steel Workers Union Local 1976, the union representing the employees in Detroit. CPR and the union sought to reach an Implementing Agreement that would provide severance benefits for those affected employees. Those negotiations began in late 2001.

5. On January 14, 2002, an Implementing Agreement was entered into between Canadian Pacific Railway and the Steelworkers Union Local 1976. A copy of the signed agreement is attached to this Verified Statement as Exhibit B. The purpose of the agreement was to implement the transfer of work involving customs and related duties from Detroit, Michigan to Winnipeg, Manitoba under Article 3, Section 2 of Appendix E of the Collective Bargaining Agreement between the Canadian Pacific and the United Steel Workers and to provide benefits for those employees that would be affected by the work transfer. Under the Implementing Agreement, employees were entitled to either a lump sum separation payment based upon years of service or a supplemental unemployment allowance that included health and welfare coverage.

6. Following the parties' Implementing Agreement, the bulletin announcing the abolition of four positions in the Detroit facility was issued. A copy of that bulletin is attached hereto as Exhibit C.

7. During 2001 and early 2002 Karen Cline was employed as a border services worker at CPR's Detroit facility. She was one of those individuals whose position was abolished when the work functions were relocated to Winnipeg. Pursuant to the Implementing Agreement entered into with her union, Ms. Cline accepted the terms of that agreement. Attached hereto as Exhibit D is the February 12, 2002 letter to Ms. Cline wherein she agreed to a severance package. This package included monthly sums payable to her in the amount of \$1,470.59 for a period of 34 months. She was entitled to continue her benefit plan coverage during that period.

8. According to the records of Canadian Pacific, Ms. Cline continues to receive those benefits on a monthly basis and will do so until late 2004.

9. CPR's border services reorganization came about primarily as a result of internal examinations of ways to streamline operations and improve customer service, including an examination of the levels of personnel and coordination we observed in our competition in performing similar functions. By consolidating operations at a central point and using newly available technology, CPR felt that it could improve its operations. It was clear to us that a streamline of those functions and some consolidation would produce efficiencies within the organization. It was from that basis that the decision was made to consolidate the border services function in Winnipeg, Manitoba.

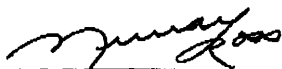
10. I am aware that Ms. Cline is claiming that she is entitled to labor protective benefits under New York Dock Railway-Control-Brooklyn Eastern District, 306 ICC, 60 (1979), as the result of a corporate reorganization involving the St. Lawrence & Hudson Railway Company

Limited, the corporate name for CPR's eastern Canada railroad operations from 1996 through 2000. While I am generally aware that in late 2000, CPR embarked on corporate restructuring that resulted in the eastern Canada properties being amalgamated back into the CPR corporate structure, those decisions and actions were separate from the personnel and operational changes the Border Services group undertook in late 2001.

11. In my role as Manager, Billing & Border Services, I oversee personnel and functions relating to border services. I have no function or input on corporate structure determinations for Canadian Pacific Railway or any of its subsidiaries. I was in no way involved in the decision to bring the St. Lawrence & Hudson corporate structure back into the fold of its parent corporation Canadian Pacific Railway, and the decisions I made as to the structure and management of my group were unrelated to corporate status changes.

12. I, Murray Ross, Canadian Pacific Railway Company, verify under penalty of perjury under the laws of the United States of America, that I have been authorized by Canadian Pacific Railway to verify and file with the Surface Transportation Board the foregoing statement; that I know the contents thereof and the facts asserted therein; that I declare that the foregoing is true and correct.

Dated: SEP. 5/2002



Murray Ross
Manager, Billing & Border Services

Ms. Nathalie Lapointe
President
TC Local 1976
United Steelworkers of America
4115 Ontario St. E
4th floor
Montreal, QC
H1V 1J7

October 15, 2001

REGISTERED

Dear Ms. Lapointe,

Please accept this as notice served pursuant to Article III, Section 2 of Appendix "E" ("Mediation Agreement") of the Collective Bargaining Agreement between the Canadian Pacific Railway Company and the United Steelworkers of America (TC local 1976) dated April 3, 2000.

It is the intent of the Carrier to initiate an organizational and operational change by relocating the customs and border services work now performed in Detroit, MI to Winnipeg, MB. The change will take place on or about February 01, 2002.

All positions in the bargaining unit now located in Detroit will be abolished on the effective date of the change. These are the eleven permanently assigned positions, the two permanently unassigned positions and the one spare unassigned position.

Four positions will be established in Winnipeg on implementation of the change. These positions, covering one desk on a 24/7 basis, will perform the work now done in Detroit and in Windsor, ON. Included in the duties of these positions will be the various functions now performed in Detroit with respect to preparation of documentation related to trans-border train movements. There will be a limited need to continue to hand deliver documents to US Customs in Detroit and this work will be performed by a broker on the Carrier's behalf on an as-and-when required basis.

The Carrier would request an early conference to discuss this change.

Sincerely,

Donald V. Brazier
Director, Labor Relations

EXHIBIT NO.

A

IMPLEMENTING AGREEMENT
BEWTEEN THE
CANADIAN PACIFIC RAILWAY COMPANY
AND THE
UNITED STEELWORKERS OF AMERICA
(TC LOCAL 1976)

This agreement is entered into for the purpose of implementing the transfer of work involving customs and related duties from Detroit, Michigan to Winnipeg, Manitoba pursuant to notice by the Carrier dated October 15, 2001 and served under Article III, Section 2 of Appendix "E" (Mediation Agreement) of the Collective Bargaining Agreement between the undersigned parties.

IT IS AGREED:

- I Employees with eight or more years of service on February 04, 2002 unable to hold work in the bargaining unit will be entitled to receive a lump sum separation payment of \$50,000US.
- II Employees with less than eight years of service on February 04, 2002 unable to hold work in the bargaining unit will be entitled to receive a lump sum separation payment of \$21,000US.

NOTE:

This payment satisfies all claims employees may have for separation pay, wage increases for 2000, 2001 and 2002; unused sick leave and personal leave days and any entitlement to health and welfare benefits.

Where the parties agree that special cases exist, in order to protect an individual's pension entitlement a bridging arrangement may be entered into, the total cost of which will amount to no more than the applicable amount identified in I and II above.

Employees may opt for a monthly supplemental unemployment allowance which will include health and welfare coverage provided that the total cost of such is no greater than the applicable amount identified in I or II above.

Employees will also receive the following:

- Gainsharing for 2001.
- COLA for service performed in 2002.
- Any unused vacation pay to which entitled.

For any employee relocating to Winnipeg, the applicable amount in I or II above will be paid as a relocation benefit.

EXHIBIT NO.

B

III The Company will provide the following:

- A letter to each employee stating the number of years of service he/she worked for the CPR as well as identifying the functions they performed.
- A letter to the union stating that should the Company reopen the customs office in Detroit within one year of closure it will be a unionized facility.
- A letter regarding potential work opportunities for employees with US Customs, Broker TowerGroup and RailTerm.

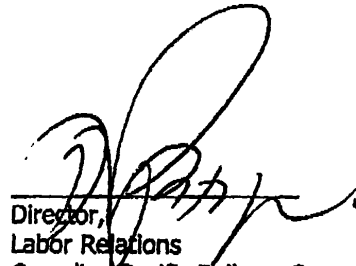
IV The parties agree that as a result of this Implement Agreement the following issues will be resolved:

- All grievances outstanding on February 04, 2002 will be dropped by the union.
- The union's Section 6 notices of July 01 and November 30, 1999 will be rescinded.
- The stand-by letter of September 24, 1999 will be cancelled.

The parties below agree that this Implementing Agreement satisfies any and all contractual and legal requirements to transfer the customs work being performed in Detroit MI to Winnipeg, MB. It also resolves any and all demands the parties served on one another as a result of the notice of October 15, 2001 referred to above.

Signed this January 31, 2002 at Montreal, QC.


President
Local 1976
United Steelworkers of America


Director,
Labor Relations
Canadian Pacific Railway Co.

-----Original Message-----
From: Joint Placement Committee/ir00028/cpr@merlin@CPR
Sent: Monday, January 14, 2002 4:49 PM
To: Alan Roberts; Don Brazier
Cc: Len Wormsbecker; Sharon Godard
Subject: Bulletin LAC1102

Bulletin LAC1102

Please ensure all affected employees in Detroit receive a copy of this Bulletin.

In accordance with the Tentative Agreement, signed on January 14 2002 between Canadian Pacific Railway and the TC Local 1976(USWA) regarding the abolishment of positions at:

- Detroit, Michigan on February 4, 2002

Coincidental with these abolishment 4 positions will be established at the Winnipeg TSC.

Employees wishing to transfer to Winnipeg must send their bid prior to January 19, 2002 and their decision is irrevocable.

If you have a personal ID please send your Bid Declaration Form indicating your choices in order of preference to IR00028 (Joint Placement Committee) coping your supervisor and Union representative. If you do not have a personal ID pls forward via fax. If further information is required please contact the Joint Placement Committee: Tel:514-395-6590 Fax:514-395-7066 Merlin or Notes ID: IR00028

Any questions related to the positions transferred to Winnipeg should call Sharon Godard at (204) 947-8247

Bulletin LAC1102

Transportation Service Rep. Positions Established in Winnipeg

POSITION	LOCATION	DESK	SDM	SHIFT	D/O	Date Position Established
POS. A	Winnipeg	Desk #1	L-1	0600-1400	S/S	Feb 5/02
POS. B	Winnipeg	Desk #1	L-1	1400-2200	S/S	Feb 5/02
POS. C	Winnipeg	Desk #1	L-1	2200-0600	M/T	Feb 5/02
POS. D	Winnipeg	Desk #1	L-1	Relief	W/T	Feb 5/02

(Relief shift) Mon:08-16, Tue:16-24, Fri/Sat:07-15, Sun:08-16

Position : Transportation Service Representative
Rate of Pay: SDM Level L-1(797.69 Cdn Funds)

EXHIBIT NO.

C

You will be part of the national Customer Service Team at Winnipeg, a growing and dynamic organization of highly skilled employees dedicated to meeting or exceeding internal and external customer requirements in a 7 days a week, 24 hour a day operation.

You will work in a team environment, assigned to a workgroup performing clerical activities for Service Area Operations, Billing Services, or Border Services to provide internal or external customers with timely, accurate information supporting the delivery of transportation services.

Nature of Duties:

You will be expected to apply your expertise in either waybilling, event reporting, car ordering, or transborder document processing and with proper training and support, to be able to perform these functions with excellence.

You will be trained to use a number of CPR's computer applications to perform your duties, including: Fastway, Electronic Data Interchange, Common Yards, AEI, Order Entry, C.U.S.T.O.M.S. and Merlin.

To demonstrate the above clerical abilities, and functional literacy in English, both written and verbal, applicants may be required to successfully complete tests administered by the Company. Note that some positions may require functional literacy in both French and English.

Prior to being named as a successful applicant, candidates must successfully complete a Transportation Service Representative Training Program given by the Company.



CANADIAN
PACIFIC
RAILWAY

08 MAR 2002

1100 de la Gauchetière St. W., Room 300, Windsor Station, Montreal, Quebec H3C 3Z4

February 12, 2002

Ms. K. A. Cline
15128 Gage
Taylor, MI 48180

Dear Ms. Cline

Under the terms of the Implementing Agreement entered into on January 31, 2002 between the Canadian Pacific Railway Company and the United Steelworkers of America (TC Local 1976) transferring border services work from Detroit to Winnipeg you are entitled to a separation allowance of \$50,000.

It has been agreed between the parties that you will be provided with a bridging arrangement in the amount of \$1562.50 per month for a period of 32 months. This arrangement will have the following features:

- Your employment relationship with Company will be maintained but there will be no active employment. The employment relationship with the Company will be severed at end of bridging period.
- You will be entitled to continued benefit plan coverage during this period.
- There will be standard deductions - income tax, RRB premiums, union dues etc.
- Your vacation and COLA will be paid prior to the commencement of the bridging period.

Please signify your concurrence with this by signing one copy of this letter and returning it to me. Failure to do so will result in your being sent a single check of \$50,000 -- minus required deductions.

If you would like to speak to me about this, please feel free to call me collect at 514-502-1635.

Yours truly

Director Labor Relations
copy: Nathalie Lapointe

EXHIBIT NO.

I concur:

K. A. Cline
K. A. Cline

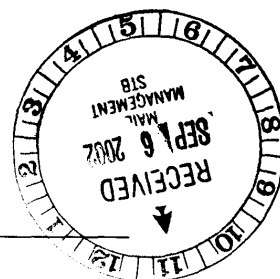
Per our conversation please see above, now changed to 34 (thirty four) months.

2-11-02
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BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.



STB Finance Docket No. 34004

CANADIAN PACIFIC RAILWAY COMPANY AND NAPIERVILLE JUNCTION RAILWAY
COMPANY – CORPORATE FAMILY TRANSACTION – ST. LAWRENCE & HUDSON
RAILWAY COMPANY LIMITED

VERIFIED STATEMENT OF ROBIN MULLANEY

1. My name is Robin Mullaney. I am employed by Canadian Pacific Railway as Director Employee & Labor Relations. In my position, I oversee Human Resources and Labor Relations functions for Canadian Pacific Railway.
2. I am familiar with the claims being made by Ms. Karen Cline, a former border services employee of Canadian Pacific Railway in Detroit, Michigan. Ms. Cline was among those employees whose positions were eliminated as a result of a reorganization of the border services unit in February 2002.
3. Pursuant to the agreement entered into by Ms. Cline's union and the railroad, her position was abolished as of February 4, 2002. I have examined Canadian Pacific's records regarding Ms. Cline and know that she elected under that agreement to receive a monthly benefit because of the elimination of her position, and that she is, in fact, receiving those benefits.
4. Despite receiving this benefit, Ms. Cline has attempted to seek labor protection under New York Dock – Control – Brooklyn Eastern District, 360 ICC 60 (1979). She initially presented a letter dated April 19, 2002 to the Canadian Pacific Railway attempting to claim such

protection. The appropriate individual for Ms. Cline to make such a claim to would be her immediate supervisor, A. J. Roberts. The letter was instead addressed to two managers, Mr. Don Brazier and Mr. A. J. Roberts.

5. Despite the fact that the claim was not handled in the usual and customary manner on the property and given the particular legal aspects involved in determining applicability of New York Dock, I instructed the legal counsel for the railroad who had been involved with the negotiations with Ms. Cline's union to respond on behalf of CPR directly to Ms. Cline to explain to her why New York Dock benefits were inappropriate for this situation and to inform Ms. Cline that her request for New York Dock protections was being denied. Ms. Cline's initial letter is attached hereto as Exhibit A. Counsel's letter to Ms. Cline denying benefits and explaining why is attached hereto as Exhibit B.

6. Ms. Cline followed the April 19 letter and the response with another letter to the same two managers of the railroad dated May 30, 2002, this one questioning why she was receiving a letter from counsel and presenting the same claim. That letter is attached hereto as Exhibit C. This letter was followed up with another on July 9, 2002, directed again to Mr. Brazier, who at this point had retired from the railroad. This letter, attached as Exhibit D, insisted that a response come directly from Mr. Brazier.

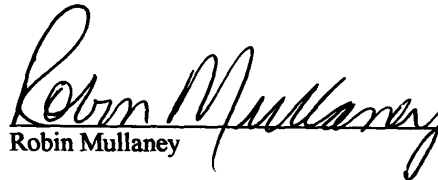
7. On July 25, 2002, Assistant Vice President of Labor Relations and Human Resources-U.S., Cathryn Frankenberg, responded in two letters to Ms. Cline. Those letters are attached as Exhibits E and F. In those letters, Ms. Frankenberg reiterates the stance of Canadian Pacific that the reorganization of the border services was not an action that was subject to approval of the Surface Transportation Board, and that New York Dock protective conditions

were inapplicable. In those letters, Ms. Frankenberg again denied the claim for New York Dock labor protective conditions.

8. Ms. Cline's union had been informed in late 2001 that any request for New York Dock labor protections was inappropriate and unavailable in this situation, and indeed the Union dropped such claims and proceeded to negotiate an agreement that provided a level of protection for employees who would be affected by the reorganization of border services. Ms. Cline was informed as to the unavailability of New York Dock protection on May 8, 2002 in a letter from counsel for the railroad and again on July 25, 2002. At no time has Ms. Cline requested that this dispute be referred to the mandatory arbitration process used to settle disputes that arise under New York Dock claims.

9. I, Robin Mullaney, Canadian Pacific Railway Company, verify under penalty of perjury under the laws of the United States of America that I have been authorized by Canadian Pacific Railway to verify and file with the Surface Transportation Board, the foregoing statement, that I know the contents thereof and the facts asserted therein, and that I declare the foregoing is true and correct.

Dated: 9-4-02


Robin Mullaney

April 19, 2002
15128 Gage Street
Taylor, MI 48180

Mr. D. V. Brazier
Director, Labour Relations
Canadian Pacific Railway Company
Suite 300, Windsor Station
P. O. Box 6042, Station Centre-ville
Montreal, Quebec, Canada H3C 3E4

Mr. A. J. Roberts
Area Manager Transportation Services
Canadian Pacific Railway Company
1405 Caron Avenue
Windsor, Ontario, Canada N8X 4T6

Dear Sirs:

Consider this a claim on behalf of Ms. Karen Cline stating as follows:

A) Pursuant to the decision of the Surface Transportation Board (STB) in Finance Docket No. 34004, and related filings, Claimant Karen Cline was directly affected by Carriers' transfer of work from Detroit, Michigan, USA, to Winnipeg, Manitoba, Canada, on February 4, 2002 and was placed in a worse position in respect to compensation and rules as defined in Article I, Section 1 of the New York Dock (NYD) conditions.

B) Claimant Karen Cline is therefore entitled to an election of benefits as prescribed by Article I, Sections 5 & 6 of NYD and pursuant to the imposition of protection by the Surface Transportation Board.

Statement of Facts:

The Canadian Pacific (CPR) and Napierville Junction Railway Company (NJR) filed a verified notice of exemption under 49 CFR 1180.2(d)(3) to absorb the St. Lawrence & Hudson Railway Company Limited (St.L&H) and place the assets it holds back into CPR. This transfer of assets included the rail operations of St.L&H in the United States.

EXHIBIT NO.

A

This transfer included the St.L&H overhead trackage rights over CSX Transportation, Inc. (CSXT) lines between Delray Interlocker (CSXT) and Rougemere Yard, Detroit, Michigan. This transaction was a reorganization designed to dissolve St.L&H and absorb its properties and operations into CPR. Importantly, the parties asserted that the transaction would not result in adverse changes in service levels, operational changes, or a change in the competitive balance with carriers outside the corporate family.

On February 16, 2001 the Surface Transportation Board (STB) in Finance Docket No. 34004,¹ stated that: "[a]pplicants state that there will be no change in operations as a result of this transaction, and they do not anticipate any labor impacts will occur within the United States." In so finding, the STB approved the transaction in: "[a]pplicants state that they recognize the Board's obligation to impose employee protective conditions pursuant to 49 U.S.C. 11326(a) for the benefit of their U.S. railroad employees, and that they agree to imposition of the conditions imposed in New York Dock Ry.-Control-Brooklyn Eastern Dist., 360 I.C.C. 60 (1979) (New York Dock)."

Subsequently, by notice dated October 15, 2001, the CPR issued notice to the Employees that:

It is the intent of the Carrier to initiate an organizational change and operational change by relocating the customs and border service work now performed in Detroit, MI to Winnipeg, MB. The change will take place on or about February 01, 2002.

All positions in the bargaining unit now located in Detroit will be abolished on the effective date of the change. These are eleven permanently assigned positions, the two permanently unassigned positions and the one spare unassigned position.

¹The STB gives a finance docket designation to: "Cases involving transactions or arrangements to restructure rail companies and rail lines including merger, control, trackage rights, lease, acquisition, construction, pooling, interlocking offices and directors and feeder line development, as well as labor and environmental issues arising therefrom, and certain non-rate related complaint and declaratory order cases." See 49 USC 10901-02, 10907, 11101-03 and 11322-28.

Consequently, on January 14, 2002, the Carrier served notice (Bulletin LAC1102) informing all employees at Detroit, Michigan, that all assignments were being abolished and their work transferred to the Winnipeg Terminal Service Center (TCS). Four (4) Transportation Service Representative assignments located at the Winnipeg TSC were established effected February 5, 2002 to accommodate the transfer/coordination of the United States employees' work.

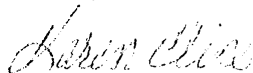
As a result of all these actions, all United States employees at Rougemere Yard, Detroit, Michigan, lost their jobs and became dismissed employees as defined by the New York Dock protective conditions.

Position of Claimant:

It Claimant Cline's position that the imposition of the protective conditions set forth in New York Dock - Control - Brooklyn Eastern District Terminal, 360 I.C.C. in the corporate transaction between Canadian Pacific Railway Company and St. Lawrence & Hudson Railway Company mandates an extension of protection entitlement. Claimant Cline under the circumstances outlined in the statement of claim as well as the statement of facts is entitled to an election as prescribed by NYD.

Your prompt compliance and response is requested.

Yours,



Karen Cline
Claimant
(ID#653907)

cc: Harry Gray, USWA

49515-5

LEONARD, STREET AND DEINARD

PROFESSIONAL ASSOCIATION

May 8, 2002

Diane P. Gerth
612-335-1463
diane.gerth@leonard.com

Karen Cline
15128 Gage Street
Taylor, Michigan 48180

Re: April 19, 2002 Letter

Dear Ms. Cline:

Canadian Pacific Railway ("CPR") has asked me to respond to your letter of April 19, 2002, in which you purport to make a claim for employee protective benefits that can be available under New York Dock - Control - Brooklyn Eastern District, 360 ICC 60 (1979). Although your claim was not presented to the officer designated to handle such claims, CPR directed it to me for reply. We don't intend for this direct response to you to be a waiver of the proper procedures, but rather we wanted to respond quickly and directly to you about the issues you have raised. Because the adverse action of which you complain did not come about as a result of any STB regulated transaction as required under New York Dock, CPR declines your request for benefits.

It is fundamental law that in order for these labor protections to come into play, there must be a causal connection between the STB regulated transaction and any claimed adverse impact. See, Employees of the Butte, Anaconda & Pacific Railway Co. v. United States, 938 F.2d 1009 (9th Cir., 1991), cert. denied, 503 U.S. 936, 112 S.Ct. 1474 (1992). Absent a "causal nexus" between the transaction and any adverse effects, New York Dock benefits are not appropriate. It is the role of the STB in transactions that it oversees to protect employees from the adverse effects of that transaction, not from adverse effects of other unrelated events. See, 938 F.2d at 1014. Because the Border Services reorganization that resulted in the relocation of your position was a company decision independent of the STB approved transaction in Finance Docket No. 34004 you mentioned in your letter, New York Dock benefits are inapplicable.

The reabsorption of the St. Lawrence & Hudson corporate entity back into CPR is unrelated to CPR's reorganization of border services. The amalgamation of St. Lawrence & Hudson took place as of December 31, 2000, and the actions leading up to it took place prior to that. It was merely a change in corporate organization that resulted in no operational changes. Just as the creation of the St. Lawrence & Hudson in 1996 did not change operations, neither did the amalgamation.

150 SOUTH FIFTH STREET SUITE 2300 MINNEAPOLIS, MINNESOTA 55402 TEL 612-335-1500 FAX 612-335-1657

LAW OFFICES IN MINNEAPOLIS, SAINT PAUL, MANKATO, SAINT CLOUD AND WASHINGTON, D.C.

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WWW.LEONARD.COM

EXHIBIT NO.

B

Page 2
May 8, 2002

The Border Services Reorganization that took place in February 2002 was commenced nearly a year later and was undertaken to effectuate operational efficiencies within the CPR network. The reorganization was not the result of the reabsorption of the St. Lawrence & Hudson. It cannot be shown that there was a causal nexus between the two actions because there is no causal nexus.

For this reason, the claim you make in your letter of April 19, 2002 is declined.

Very truly yours,

LEONARD, STREET AND DEINARD
Professional Association



Diane P. Gerth
DPG:km

cc: Bill Tuttle
Robin Mullaney
Don Brazier
Howard Buchanan

May 30, 2002

Mr. D. V. Brazier
Director, Labour Relations
Canadian Pacific Railway Company
Room 370, Windsor Station
P. O. Box 6042 Station Centre Ville
Montreal, Quebec, Canada H3C 3E4

Mr. A. J. Roberts
Area Manager Transportation Services
Canadian Pacific Railway Company
1405 Caron Avenue
Windsor, Ontario, Canada N8X 4T6

Dear Sirs:

This is in reference to the claim previously filed with the Carrier stating as follows:

A) Pursuant to the decision of the Surface Transportation Board (STB) in Finance Docket No. 34004, and related filings, Claimant Karen Cline was directly affected by Carriers' transfer of work from Detroit, Michigan, USA, to Winnipeg, Manitoba, Canada, on February 4, 2002 and was placed in a worse position in respect to compensation and rules as defined in Article I, Section 1 of the New York Dock (NYD) conditions.

B) Claimant Karen Cline is therefore entitled to an election of benefits as prescribed by Article I, Sections 5 & 6 of NYD and pursuant to the imposition of protection by the Surface Transportation Board.

As of this date, I have yet to receive a response to my claim from the Carrier. Instead, I received a letter dated May 8th from Ms. Diane P. Gerth (title unknown) from the firm of *Leonard, Street and Denard* (business unknown).

In her letter, Ms. Gerth states that my claim for protective entitlement was directed to her for reply -- attached is a copy for your ready reference. Although Ms. Gerth states that "*CPR directed it to me for reply*", she does not indicate who at CPR asked her to address my claim. Again, Ms. Gerth does not even identify herself or how she is connected with CPR. Moreover, Ms. Gerth's letter copies numerous other individuals that I have no knowledge of, nor what their connection to this matter may be -- they likewise are not identified.

EXHIBIT NO.

C

Mr. Brazier, as you are aware, under provisions of the collective bargaining agreement (CBA); Carrier policy; and usual and customary procedures, employees are to file claims or grievances with their respective supervisors with final handling by the highest designated officer of the company. Yet, Ms. Gerth states that my "*claim was not presented to the officer designated to handle such matters...*"

Again, who is Ms. Gerth and what authority does she possess to interject herself in the grievance handling machinery and render interpretations of the CBA? I thought that was the job of the Union's representative and yourself Mr. Brazier.

What Ms. Gerth does is assert that no causal nexus exists between the loss of all St. L&H jobs at Detroit and the transfer of our work to the CPR at Winnipeg, MB, Canada. You may ask how she came to this decision. Well, the basis for Ms. Gerth's conclusion is her citation of the US Court of Appeals, 9th Circuit, decision in Employees of the Butte, Anaconda & Pacific Railway Co. v. United States, 938b F.2d 1009.

However, review of this decision, which was not supplied by Ms. Gerth, indicates the 9th Circuit was faced with the question of whether the Interstate Commerce Commission (ICC), now the STB, could stand in review of arbitration decisions dealing with its protective schemes. The ability of the ICC/STB to review arbitration decisions stemmed from its (then recent) so-called Lace Curtain decision.¹

Notwithstanding, important to the Anaconda case was the decision of the ICC in Finance Docket No. 28490 (Sub-No. 1), Arbitration Review, decided February 17, 1988. In that holding the ICC stated that it had the "*primary jurisdiction to determine whether parties to a rail merger complied with an employee protective agreement relating to the transaction.*" The ICC also recognized that subsequent events trigger the benefit provisions under proximate cause by adhering to standards set by the Washington Job Protective Agreement (WJPA). (see ICC decision of Feb. 9, 1979 Finance Docket No. 28250).

Consequently, the ICC found the employees in the Anaconda case were affected by economic factors that were not a direct result of the control transaction. As such, the Anaconda case is clearly distinguishable from the claim I have presented for my protective entitlement.

In a previous telephone conversation with you, Mr. Brazier, you indicated that I deserved a written response to my claim from the Carrier. What I really deserve is an election of a NYD protective entitlement as imposed by the STB. However, I appreciate your remarks that my claim warrants a timely response from the Carrier - of which I still await.

¹Lace Curtain established standards for the review of arbitral decision dealing with imposed protective conditions. The ICC/STB restricted itself from dealing with issues of causation, calculation of benefits, or resolution of factual questions - arbitrators were given deference to these matters.

Your prompt attention and response is appreciated.

Yours truly,

Karen Cline

Karen Cline
15128 Gage Street
Taylor, Michigan 48180

Attachments

July 09, 2002

Mr. D.V. Brazier
Director, Labour Relations
Canadian Pacific Railway Company
Room 370, Windsor Station
P.O. Box 6042 Station Centre Ville
Montreal, Quebec Canada H3C 3E4

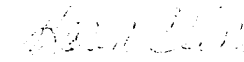
Dear Sir:

As of this date, I have still yet to receive a response to my claim from the Carrier, letters dated April 19 and May 30, 2002, respectively. I, again, remind you Mr. Brazier, in our telephone conversation May 1, 2002 you indicated a timely written response would be forthcoming. I still await your response.

I have been in contact with the Surface Transportation Board. Accordingly, if no reply is provided me, I will go forward to seek reopening of the CPR/St.L&H transaction, filing a formal petition with the Secretary of the Surface Transportation Board's Office of Congressional and Public Service.

Your prompt response is appreciated.

Yours truly,



Karen Cline
15128 Gage Street
Taylor, MI 48180

EXHIBIT NO.

D



**CANADIAN
PACIFIC
RAILWAY**

501 Marquette Avenue (55402)
PO Box 530 (55440)
Minneapolis Minnesota

Tel (612) 347-8356

In Response Please Refer to
File:

0-0151-001

July 25, 2002

Ms. Karen Cline
15128 Gage Street
Taylor, MI 48180

Dear Ms. Cline:

Your letter dated May 30, 2002, addressed jointly to Mr. D. V. Brazier and Mr. A. J. Roberts, the manager to whom your initial claim should have been presented, has been forwarded to me for review and response.

As you have been previously advised, the reorganization of Border Services was not an action that was subject to approval of the Surface Transportation Board and New York Dock protective conditions are not applicable.

Your claim for such benefits is improper and not supported by collective bargaining agreement.

Consequently, your claim is respectfully denied in its entirety.

Sincerely,

A handwritten signature in cursive script that reads "Cathryn S. Frankenberg".

Cathryn S. Frankenberg
Assistant Vice President
Labor Relations & Human Resources - US

cc: Alan Roberts
Diane Gerth

EXHIBIT NO.

E



**CANADIAN
PACIFIC
RAILWAY**

501 Marquette Avenue (55402)
PO Box 530 (55440)
Minneapolis Minnesota

Tel (612) 347-8356

In Response Please Refer to
File:

0-0151-001

July 25, 2002

Ms. Karen Cline
15128 Gage Street
Taylor, MI 48180

Dear Ms. Cline:

I am in receipt of your letter dated July 9, 2002, addressed to Mr. D. V. Brazier stating that you have not received a response to your April 19 and May 30, 2002, letters.

Inasmuch as Mr. Brazier has retired from the service of Canadian Pacific Railway, please direct any further correspondence in this regard to me, Cathryn S. Frankenberg, Assistant Vice President HR/LR-US, at P.O. Box 530, Minneapolis, Minnesota 55440.

My file reflects your letter dated April 19, 2002, was responded to on May 8, 2002, by Diane P. Gerth, legal counsel, in behalf of Canadian Pacific Railway. Your May 30, 2002, letter was directed to me and I have responded in behalf of Canadian Pacific Railway.

As you have been previously advised, the reorganization of Border Services was not an action that was subject to approval of the Surface Transportation Board and New York Dock protective conditions are not applicable. The Border Services Reorganization that took place in February 2002 was undertaken to effectuate operational efficiencies within the CPR network. It was not the result of the re-absorption of the St. Lawrence & Hudson.

Your claim for such benefits is improper and not supported by collective bargaining agreement.

Consequently, your claim is respectfully denied in its entirety.

Sincerely,

Cathryn S. Frankenberg
Cathryn S. Frankenberg
Assistant Vice President

Labor Relations & Human Resources - US

cc: Diane Gerth
Alan Roberts

EXHIBIT NO.

F