



WOODBINE™
E N T E R T A I N M E N T

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

May 2, 2003

**RE: Air Rail Link between Toronto Union Station and the
Toronto-Lester B. Pearson International Airport**

Woodbine Entertainment Group ("WEG") acknowledges that Her Majesty the Queen in right of Canada as represented by the Minister of Transport ("Transport Canada") issued a "Request for Expressions of Interest, Air Rail Link from Lester B. Pearson International Airport to Union Station" ("RFEOI") dated April 12, 2001 to persons interested in financing, designing, constructing, operating and maintaining a passenger railway service ("Air Rail Link") between Toronto Union Station and Toronto-Lester B. Pearson International Airport ("LBPIA").

WEG also acknowledges that, pursuant to the RFEOI, Transport Canada qualified four respondents (each a "Respondent"). Transport Canada proposes to issue to each Respondent a "Request for Business Case, Air Rail Link from Toronto-Lester B. Pearson International Airport to Union Station" ("RFBC") dated <*> requesting a business case response ("Response") for financing, designing, constructing, operating and maintaining the Air Rail Link service from Toronto Union Station through the Union Station Rail Corridor and the CN Weston Subdivision and along the track and guideway structure ("Spur Line") that may be constructed from the CN Weston Subdivision (just west of Highway 427) to the limits of the proposed station within LBPIA. WEG has an interest and is a stakeholder in the proposed Air Rail Link, because WEG holds title to land that may be required for an optional station stop at the Woodbine Racetrack ("Woodbine Station").

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

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

The Stakeholder Terms for WEG are set forth in this letter and outline the terms and conditions upon which WEG would be prepared to discuss making WEG owned lands available for the optional Woodbine Station.

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

WEG understands that the Successful Respondent shall be responsible for all the costs and expenses associated with the operation and maintenance of the Air Rail Link service, and the design, construction and maintenance of the Spur Line.

WEG also understands that this letter will be annexed to the RFBC for the information of the Respondents.

In consideration of Transport Canada acting as a facilitator of the process ("Process") that will be used by Transport Canada to select the Successful Respondent and for the Successful Respondent to enter into the Final Stakeholder Agreements with the Stakeholders, and of any access fees to be paid by the Successful Respondent to WEG, the possibility of establishing a Woodbine Station, and of other good and valuable consideration, WEG agrees with Transport Canada as follows:

1. The role of Transport Canada is to facilitate the Process. The selection of the Successful Respondent will entitle the Successful Respondent to enter into Final Stakeholder Agreements with each of the Stakeholders to implement the terms and conditions of each Stakeholder Agreement Letter and each of the Stakeholder Terms.
2. The Air Rail Link can only be designed, constructed, operated and maintained through the Final Stakeholder Agreements between the Successful Respondent and each Stakeholder.
3. In order for each Respondent to submit a Response, such Respondent must have certainty as to the terms and conditions on which WEG is prepared to enter into a Final Stakeholder Agreement with such Respondent, should it be selected as the Successful Respondent.

4. The need for the Woodbine Station will be at the discretion of the Respondents and, as such, the need for a Final Stakeholder Agreement between WEG and the Successful Respondent will depend on whether the Successful Respondent requires the Woodbine Station and, if so, on whether the parties reach agreement on the terms and conditions regarding access to land for, and the financing, design, construction, operation and maintenance of, the Woodbine Station.
5. In the case of WEG, the Final Stakeholder Agreement will be comprised at a minimum of an access agreement ("Access Agreement"). Section 8 of this letter contains terms and conditions which may form part of such Access Agreement. The Final Stakeholder Agreement between WEG and the Respondent may have terms and conditions additional to those set forth in Section 8. WEG agrees to negotiate this agreement with the Successful Respondent in good faith in order that the Final Stakeholder Agreement may be settled, executed and delivered within the time frame described in Section 6.
6. The Successful Respondent and WEG shall use their reasonable best commercial efforts to enter into the Final Stakeholder Agreement within <six> months following the date of selection of the Successful Respondent.
7. Any Final Stakeholder Agreement between WEG and the Successful Respondent will only become effective when and if the Successful Respondent has provided WEG with acceptable evidence that the Final Stakeholder Agreements have been obtained from each of GO Transit, Greater Toronto Airports Authority and the Canadian National Railway Company.
8. The following sets forth specific terms and conditions of WEG's involvement in the Air Rail Link:
 - (a) WEG understands that <GO Transit> will be the proponent under the federal and provincial environmental assessment processes;
 - (b) Subject to the outcome of the federal and provincial environmental assessment processes and final design, WEG agrees to enter into discussions with each of the Respondents during the preparation of the Responses to make land available for the Woodbine Station;
 - (c) If a Respondent requires the WEG land for the Woodbine Station, WEG agrees to negotiate in good faith with the Respondent in respect of access to the WEG land, the financial terms for such access or the purchase price for the WEG land, integration of the Woodbine Station with WEG's present operations and its future development of the Woodbine Racetrack site, and the provision of access to the Woodbine Station for GO Transit and local bus services

9. If the parties reach agreement in respect of the matters described in Section 8(c), WEG agrees to provide the Respondent with a letter ("Comfort Letter") containing the results of the discussions.

The Comfort Letter shall include details regarding:

- (a) the process that the Respondent and WEG will follow to enter into the Final Stakeholder Agreement, should the Respondent be selected as the Successful Respondent; and
 - (b) terms and conditions regarding access to the land for, and the financing, design, construction, operation and maintenance of, the Woodbine Station.
10. WEG understands that any requests for information and data required by a Respondent from WEG in connection with the Process will be submitted to Transport Canada who will provide the WEG information and data to such Respondent.
11. At the written request of Transport Canada, WEG will permit the Respondent and its representatives to have access to the land required for the Woodbine Station at the sole cost and risk of the Respondent for the purpose of obtaining information in order to permit the Respondent to prepare its Response, subject to such reasonable terms and conditions as WEG shall require.
12. WEG acknowledges and agrees that:
- (a) Transport Canada will not be a part of or involved in any negotiations between any Respondent and WEG;
 - (b) Transport Canada shall have no obligation or responsibilities with respect to financing, designing, constructing, operating or maintaining the Air Rail Link;
 - (c) Transport Canada shall have no liability to WEG arising out of or related to the Stakeholder Terms of WEG and the Final Stakeholder Agreement or any other agreements relating to the Air Rail Link, between WEG and a Respondent;
 - (d) Transport Canada shall have no liability of any kind to WEG arising out of or related to the Process, including the RFEOI and the RFBC;
 - (e) Transport Canada is not obligated pursuant to the Process, to provide any funding to WEG or the Successful Respondent with respect to or in connection with the Air Rail Link; and

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- (f) Nothing contained in this letter nor any acts of WEG or Transport Canada shall constitute or be deemed to constitute WEG and Transport Canada as partners, joint venturers or principal and agent in any way or for any purpose. WEG shall not represent or hold itself out to be an agent of Transport Canada.
13. For the duration of the Process, WEG shall negotiate exclusively with the Successful Respondent in connection with the Air Rail Link.
 14. WEG agrees to provide Transport Canada with a copy of the Final Stakeholder Agreement between WEG and the Successful Respondent, once it has been executed and delivered.
 15. WEG shall cooperate with Transport Canada, the Stakeholders, and the Respondents in order to facilitate the creation of the Air Rail Link and shall act reasonably with respect to any issues which arise with respect to the involvement of WEG in the Air Rail Link, which are not specifically addressed in this letter.
 16. This letter is a binding undertaking of WEG in favour of Transport Canada, it shall be governed by and construed in accordance with the laws of the Province of Ontario and it shall enure to the benefit of Transport Canada and its successors and shall be binding upon WEG and its successors.

WOODBINE ENTERTAINMENT GROUP

By: 
Robert J. Careless, Corporate Secretary & Treasurer

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