

**STRICTLY CONFIDENTIAL**

May 6, 2008

Via E-Mail and Facsimile  
Fax # - (613) 995-0327

The Honourable Lawrence Cannon, P.C., M.P.  
Minister of Transport, Infrastructure and Communities  
Tower C - 330 Sparks St.  
Ottawa, Ontario, Canada  
K1A 0N5

Dear Minister;

I write at this time to regrettably inform you that governance has ground to a halt at the Toronto Port Authority.

In this regard I also wish to advise you that I believe you may have been misled about a number of issues in the last year most recently the purported election of a new Chair of the Board. Recently, all directors of the Toronto Port Authority received a letter that was reportedly signed by you congratulating one of the Toronto Port Authority's directors on his recent election. A copy of your letter is attached.

Based on the only legal opinion that the board of directors has seen and received concerning the appointment of the Chair we have been advised by our counsel, Davies Ward Phillips and Vineberg LLP that "the appointment of the purported Chair of the Board without the required notice is unlawful because it breached the regulations and is therefore invalid". Davies further advises that in their view "the office of chairperson of the TPA is currently vacant". A copy of the written legal opinion received is attached for your information and review.

Additionally, I wish to formally notify you that over the last year your office has on multiple occasions attempted to interfere with and repeatedly attempted to direct and influence directors in connection with issues that are the sole purview of the board of directors as provided for in the Canada Marine Act, the Regulations, the Letters Patent and the By-laws. I also understand that one of your office staff has threatened directors with removal or replacement if they did not comply with his directives. This is unacceptable and needs to stop.

Minister, I regret to have to involve you in this matter but given the nature of the issues involved and my duties as a director I felt, after an extended period of time trying to resolve these issues with no success, that it was necessary to inform you of the impasse which we regrettably find ourselves in at the Toronto Port Authority. Moreover, when you appointed me to the board of the Toronto Port Authority and asked me to serve I expected that the board would adhere to the highest standards of conduct and fairness

and, as you noted in a letter to the board of directors of the Toronto Port Authority last year, be guided by the overarching principles of good governance. What I have experienced in the last five weeks and over the last year is, in my opinion, the antithesis of what I expected and what is expected today in a boardroom and accepted as good governance.

Minister, should this matter become public it would undoubtedly be highly embarrassing to both the Toronto Port Authority and the government and would not be in the best interests of the Toronto Port Authority. Consequently, a solution is required that resolves the above-noted matters and restores the board's operation to the governance principles expected of a well run separate and independent federal entity.

Finally, I trust that you can appreciate given my duties as a director that I will not participate in something that I am advised by counsel is unlawful nor will I acquiesce or turn a blind eye to something that I am advised by counsel is unlawful. It would be wrong and contrary to what I believe in.

If you wish to discuss the issues noted above or any of my other concerns you can reach me at (416) 368-0110.

Sincerely,



Christopher M. Henley, ICD.D  
Member, Board of Directors, Toronto Port Authority

c.c. The Honourable Jim Flaherty  
Minister of Finance