

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual meeting of shareholders of CONTRANS CORP. (the "Corporation") will be held at the **Four Seasons Hotel, 21 Avenue Road, Toronto, Ontario, Canada on Wednesday, December 5, 2001 at 4:30 p.m.**, for the following purposes:

1. To receive and consider the consolidated financial statements of the Corporation for the year ended August 31, 2001 together with the auditors' report thereon and the annual report to the shareholders;
2. To elect directors;
3. To appoint auditors and authorize the directors to fix their remuneration;
4. To transact such further and other business as may properly come before the meeting or any adjournment thereof.

All shareholders of record at the time of taking of a vote are entitled to vote at the annual meeting or at any adjournment thereof, either in person or by proxy.

Shareholders who are unable to attend the meeting in person are requested to complete the enclosed form of proxy and return it in the envelope enclosed. All proxies to be used at the meeting must be deposited with Computershare Trust Company of Canada at Toronto or the Secretary of the Corporation before the close of business on Tuesday, December 4, 2001.

Dated at Woodstock, Ontario, this 9th day of October, 2001.

By Order of the Board

*D. Jamieson Miller (signed)*

D. Jamieson Miller  
Secretary

## CONTRANS CORP.

### MANAGEMENT INFORMATION CIRCULAR

**This circular is furnished in connection with the solicitation by management of CONTRANS CORP. (the "Corporation" or "Contrans") of proxies to be used at the annual meeting of shareholders of the Corporation (the "meeting") referred to in the accompanying notice of meeting to be held at the time and place and for the purposes set forth in such notice.** The solicitation will be made primarily by mail, but proxies may also be solicited personally or by telephone. The cost of the solicitation will be borne by the Corporation. The information contained herein is given as of October 9, 2001.

### APPOINTMENT AND REVOCATION OF PROXIES

Enclosed with this circular is a form of proxy for use by holders of the Class A Subordinate Voting Shares and Class B Multiple Voting Shares of the Corporation.

The persons named in the enclosed form of proxy are directors of the Corporation. **Each shareholder has the right to appoint a person, who need not be a shareholder of the Corporation, to represent such shareholder at the meeting other than the persons named in the enclosed form of proxy.** Such right may be exercised by inserting such person's name in the blank space provided in the enclosed form of proxy or by completing another form of proxy. The completed form of proxy must be deposited with Computershare Trust Company of Canada at Toronto, or with the Secretary of the Corporation before the close of business on Tuesday, December 4, 2001.

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not been cast pursuant to the authority conferred by such proxy and may do so either: (1) by delivering another properly executed form of proxy bearing a later date to the Secretary of the Corporation before the close of business on Tuesday, December 4, 2001; or (2) by depositing an instrument in writing revoking the proxy, properly executed by him or her or by his or her attorney authorized in writing (i) at the business office of the Corporation, attention D. Jamieson Miller, Secretary, at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used; or (ii) with the Chairman of the meeting on the day of the meeting or any adjournment thereof.

## VOTING OF PROXIES

The shares represented by properly executed proxies in favour of the persons named in the enclosed form of proxy will be voted on any ballot that may be called for and, where the person whose proxy is solicited specifies a choice with respect to the matters identified in the proxy, the shares shall be voted in accordance with the specifications so made. **Where shareholders have not specified in the form of proxy the manner in which the named proxies are required to vote the shares represented thereby, such shares will be voted for the election of directors, for the appointment of the auditors named in this circular and for the authorization of the directors to fix the remuneration of the auditors.**

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at the date hereof, the Corporation has outstanding 4,064,768 Class A Subordinate Voting Shares, each of which carries the right to 1 vote and 366,931 Class B Multiple Voting Shares, each of which carries the right to 10 votes. The Board of Directors has fixed the close of business on October 26, 2001, as the record date for the purpose of determining shareholders entitled to receive notice of the meeting. All holders of record of the Class A Subordinate Voting Shares and Class B Multiple Voting Shares at the time of taking of any vote are entitled to vote at the meeting or at any adjournment thereof, either in person or by proxy. However, in the event that any holder of Class A Subordinate Voting Shares or Class B Multiple Voting Shares transfers any of such shares after October 26, 2001, the transferee of such shares is entitled to vote such shares if such transferee produces properly endorsed share certificates or otherwise establishes that such transferee owns the shares and makes a request, not later than ten days before the meeting, that the Corporation's transfer agent, Computershare Trust Company of Canada, include such transferee's name in the list of shareholders entitled to vote at the meeting.

The directors and officers of the Corporation do not know of any person who beneficially owns or exercises control or direction over shares that carry more than 10% of the votes attached to either class of voting shares of the Corporation other than the following:

Name	Number of Shares		Percentage of Shares	
	Class A	Class B	Class A	Class B
Stanley G. Dunford	1,028,115	315,818	25.3	86.0
Howson Tattersall	587,000	-	14.4	-
AGF Funds Inc.	549,100	-	13.5	-
Fidelity Management & Research Company	484,500	-	11.9	-

## ELECTION OF DIRECTORS

The Board of Directors is elected annually and the Board of Directors has the authority to determine the number of directors to be elected.

### COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has two committees. The Audit Committee presently consists of Robert B. Burgess, Paul C. Canney and Archie M. Leach. The Compensation Committee presently consists of Robert B. Burgess, Archie M. Leach and Gregory W. Rumble.

**On any ballot that may be called for the election of directors, the persons named in the enclosed form of proxy intend to vote the shares represented by such proxies (in accordance with the respective voting rights of such shares) for the proposed nominees whose names are set forth below, unless the shareholder who was given such proxy has directed that the shares be withheld from voting in the election of directors.** Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the meeting, the persons named in the enclosed form, unless directed to withhold from voting, reserve the right to vote for other nominees in their discretion.

The following table sets out the name of each of the persons proposed to be nominated for election as a director to hold office until the next annual meeting of shareholders or until his successor is appointed, all major positions and offices in the Corporation or any of its significant affiliates held by him, his principal occupation or employment and the number of shares of each class of shares of the Corporation that are beneficially owned or subject to control or direction by him at the date of this circular.

Name and Position with the Corporation and its Principal Subsidiaries	Became Director	Number of Shares beneficially owned or over which control or direction is exercised	Principal Occupation or Employment
Stanley George Dunford Chairman and President of the Corporation, Laidlaw Carriers Inc., and Brookville Carriers Inc.	1988	1,028,115 Class A Shares 315,818 Class B Shares	Chairman and President of the Corporation
Robert Burnside Burgess, Q.C.	1984	47,500 Class A Shares 22,500 Class B Shares	Barrister & Solicitor
P. Anthony Ennis	Proposed	-	Round Oak Management Ltd. (management consulting); prior thereto, Executive Vice President, The Commercial Capital Corporation (corporate finance/ advisory firm)
Archie Murray Leach, C.A.	1992	16,400 Class A Shares 28,613 Class B Shares	President & C.E.O., Carroll Health Care Inc. (manufacturer of long term health care products)
Gregory William Rumble, C.A. Executive Vice-President of the Corporation, Laidlaw Carriers Inc., and Brookville Carriers Inc.	1991	87,656 Class A Shares	Executive Vice-President of the Corporation

## **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

Under a policy of insurance renewed in January 2001, the directors and officers of the Corporation and its subsidiaries are insured for losses arising from claims made against them for certain of their acts, errors or omissions as directors and officers. The annual premium was \$69,400. The premium was paid by and allocated among the Corporation and certain of its subsidiaries but was not allocated between directors and officers as separate groups.

## **INTERESTS OF INSIDERS**

During the fiscal year ended August 31, 2001, the Corporation and its affiliates acquired in the ordinary course of business a portion of their requirement for tractors and equipment repairs from Peterbilt of Ontario Inc. Mr. Dunford, Chairman and President of the Corporation, owns directly a majority interest in Peterbilt of Ontario Inc.

## **APPOINTMENT OF AUDITORS**

Unless such authority is withheld, the persons named in the accompanying form or forms of proxy intend to vote for the appointment of PricewaterhouseCoopers, Chartered Accountants, Hamilton, Ontario, as auditors of the Corporation, to hold office until the next annual meeting of shareholders and to authorize the directors to fix their remuneration. Coopers & Lybrand, a predecessor of PricewaterhouseCoopers, were first appointed as auditors on January 24, 1985.

## **EXECUTIVE COMPENSATION**

### **Composition of the Compensation Committee**

The Compensation Committee of the Board of Directors of Contrans (the "Committee") is composed of the following three Directors: Robert B. Burgess, Barrister & Solicitor; Archie M. Leach, President and C.E.O. of Carroll Health Care Inc. and Gregory W. Rumble, Executive Vice President of Contrans.

The Committee was established in January of 1994 by the Board of Directors and has met once during 2001. The Committee has the primary responsibility for making recommendations for approval by the Board of Directors with respect to the appointment and remuneration of executive officers of the Corporation.

When a member of the Committee is likely to be affected by a decision, he does not participate in the discussion or vote on the matter.

## **Report On Executive Compensation**

The Corporation's executive compensation program is composed of base salaries, short-term incentives in the form of cash bonus opportunities, long-term incentives in the form of stock options and competitive group insurance coverage and perquisites. The various components of the Corporation's executive compensation program are designed to play a roll in:

1. Providing a competitive level of compensation;
2. Retaining and motivating its executives who are critical to the Corporation's long-term success; and
3. Reinforcing the link between the shareholders' interest and the compensation of the Corporation's executives.

### **Base Salary**

Individual executive salaries are normally set at or below the median salary ranges for comparable companies.

### **Short-Term Cash Bonuses**

Pay for performance is an important underlying principle of the Corporation's executive compensation philosophy, with the result that variable compensation can represent a substantial proportion of total compensation. Such short-term cash bonuses are paid shortly following the year in which they are earned. For the year ended August 31, 1994 and prior years, the bonuses were granted on a discretionary basis, having regard for the achievements made or fully realized during that particular year.

In the year ended August 31, 1994, the Board of Directors approved a short-term cash bonus incentive plan. The plan provides for a bonus pool, which represents a percentage of net income for the current year after providing for a reasonable notional return on the current years opening shareholders' equity.

### **Long-Term Incentive Plan**

In December of 1998 a stock option plan for senior employees was approved by shareholders of the Corporation. This stock option plan replaced a previous plan approved in 1994. The stock options are granted at the discretion of the Board of Directors based on the contribution made by the individuals towards the long-term success and growth of the Corporation.

## Compensation of the Chief Executive Officer

The three main components of the Chief Executive Officer's compensation are base salary, annual incentive and a long-term incentive based on the increase in the value of shares under the stock option plan. Competitive benefits and perquisites are also provided.

The Chief Executive Officer's compensation is determined in accordance with the Corporation's executive compensation program, as outlined above.

## Employment Agreements

During 1999 the term of the employment agreements of the Chief Executive Officer and the Executive Vice President was completed. The Compensation Committee reviewed the Corporation's executive compensation program and determined that no changes would be required to the overall program. The Compensation Committee (excluding Mr. Rumble in the case of his contract) reviewed and approved the employment contracts with the Chief Executive Officer and the Executive Vice President as outlined on page 9.

Submitted on behalf of the Compensation Committee:

Archie M. Leach, Chairman  
Robert B. Burgess  
Gregory W. Rumble

## Compensation of Directors

Directors who are not full-time employees of the Corporation or any of its subsidiaries were paid an annual fee of \$10,000 and a further annual fee of \$3,000 if they acted as a Chairman of a committee of the Board of Directors. A fee of \$1,000 is paid to a director for each meeting of the Board of Directors or committee thereof attended by him.

## Pension Arrangements

No defined benefit pension arrangements are in effect for the executive officers of the Corporation.

## Summary Compensation Table

The following table, presented in accordance with the regulation of the Securities Act (Ontario), sets forth all the compensation paid in respect of the individuals who were, at August, 2001 the Chief Executive Officer and the other most highly compensated executive officers of the Corporation whose total salary and bonus exceeded \$100,000 during the fiscal year ended August 31, 2001 (the "named executive officers"):

### SUMMARY COMPENSATION

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation	All other Compensation (\$) (2)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Securities under Options Granted (#)	
<i>Stan Dunford</i> (1) President and Chief Executive Officer	2001	\$ 435,625	\$ 994,929	\$ 65,344	-	\$ 23,411
	2000	\$ 425,000	\$ 565,000	\$ 63,750	-	\$ 26,180
	1999	\$ 346,551	\$ 332,906	\$ 51,983	172,580	\$ 24,142
<i>Gregory W. Rumble</i> (1) Executive Vice President	2001	\$ 194,750	\$ 447,464	\$ 29,213	-	\$ 22,095
	2000	\$ 190,000	\$ 282,500	\$ 28,500	-	\$ 16,320
	1999	\$ 186,604	\$ 166,453	\$ 27,991	87,200	\$ 15,320

Note:

- (1) Other Annual Compensation represents 15% of the executives Base Salary as executive benefits in accordance with their employment contract to be distributed at their discretion.
- (2) Includes contributions to the cost of Term Life and Disability Insurance, Automobile benefits and Director's fees.

## 1998 Stock Option Plan

In December 1998 the shareholders approved a stock option plan for senior employees of the Corporation. The Company has no outstanding stock appreciation rights. No stock options were granted to or exercised by the named executive officers during the year. The following table sets forth the Option Values at August 31, 2001.

### AGGREGATED OPTION EXERCISES DURING FISCAL 2001 AND OPTION VALUES AT AUGUST 31, 2001

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at August 31, 2001		Value of Unexercised in-the-Money Options at August 31, 2001 (1)	
			Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable (\$)
<i>Stan Dunford</i>	-	-	103,548	69,032	195,706	130,470
<i>Gregory W. Rumble</i>	-	-	52,320	34,880	98,885	65,923

- (1) Based on the closing price of Class A Subordinate Voting Shares on the Toronto Stock Exchange on August 31, 2001 of \$14.30 before payment of any income tax. The actual gain, if any, on exercise of these options will depend on the market price on the date of exercise.

## Employment Agreements

In 1999, the Corporation renewed an employment contract with Stan Dunford. The Corporation has agreed to pay Mr. Dunford an annual salary of \$425,000 for the first five years with annual adjustments based on the increase in the Consumer Price Index together with other benefits normally associated with a senior executive position. The Employment Agreement provides for Mr. Dunford to receive a lump sum payment in the event that his employment is terminated by the Corporation without just cause in an amount equal to the sum of 60 months remuneration.

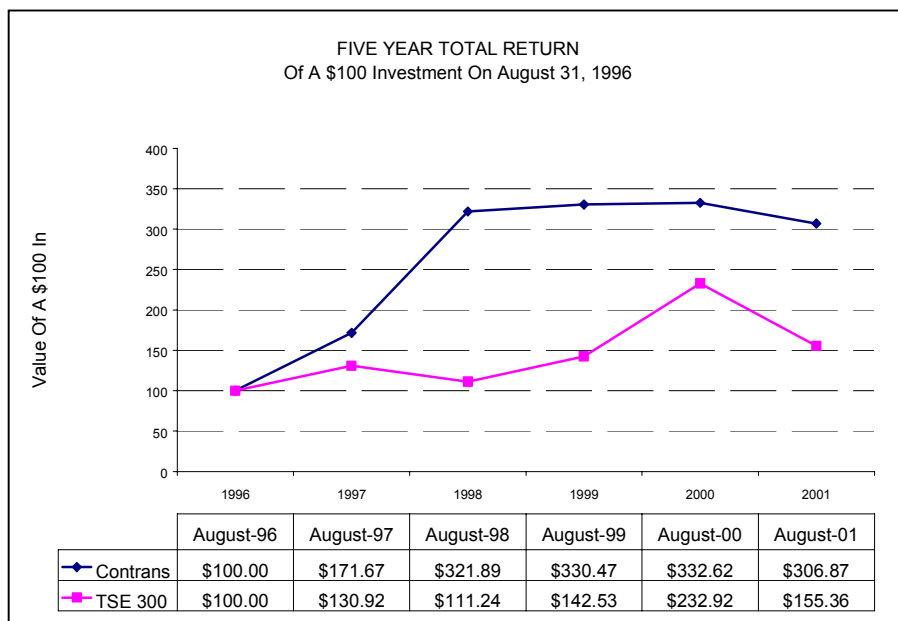
In 1999, the Corporation renewed an employment contract with Greg Rumble. The Corporation has agreed to pay Mr. Rumble an annual salary of \$190,000 for the first five years with annual adjustments based on the increase in the Consumer Price Index together with other benefits normally associated with a senior executive position. The Employment Agreement provides for Mr. Rumble to receive a lump sum payment in the event that his employment is terminated without just cause. Further, Mr. Rumble has the option to terminate his employment with the Corporation if any one of the following events occurs:

- i) Mr. Dunford reduces his voting control in the Corporation to less than 20% of the total outstanding votes of the Corporation;
- ii) Mr. Dunford no longer holds the office of President and/or Chief Executive Officer; or
- iii) Any party not related to Mr. Dunford acquires shares carrying the right to more than 30% of the total votes of the Corporation.

If any one of the above noted events occurs and the employment agreement of Mr. Rumble is terminated, he is entitled to receive a lump sum payment equal to the sum of 24 months remuneration.

## Performance Graph

The graph compares the yearly percentage change in the cumulative total shareholder return over the last five years on Contrans' Class A Subordinate Voting Shares with the cumulative total return of the TSE 300 Stock Index, assuming reinvestment of dividends at 100% of the market price on each of the dividend payment dates.



## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

### **Corporate Governance**

The Toronto Stock Exchange ("Exchange") has adopted guidelines for effective corporate governance which address the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the recruitment, effectiveness and education of board members. A description of the Corporation's corporate governance practices is set out below, including a discussion of the principal matters relating to corporate governance practices discussed in the Exchange report.

### **Corporate Mandate**

As shareholders of Contrans are aware, the Corporation is one of Canada's leading providers of freight transportation services and offers a wide range of truckload services to the flatbed, van, tank, dump and liquid areas of the freight transportation market. The Corporation operates primarily in Ontario, Quebec, the Atlantic provinces and the eastern, midwestern and southern United States. The Board of Directors of the Corporation together with its officers and employees are committed to fulfilling its corporate mandate, which may be summarized as follows:

1. To provide transportation services in a responsible manner, with primary concern for the safety of the public;
2. To provide its employees and independent drivers with a safe and positive working environment in which loyalty and exemplary customer service are fostered;
3. To serve its customers in a timely, efficient and diligent manner;
4. To provide trucking services on a competitive basis.

During the early 1990's, Contrans consolidated its operations and concentrated on various full truck load segments in which it could function in a safe, competitive and profitable manner. As a result of this considered decision and the resultant downsizing of its operations and concentration on its strengths, the Corporation was returned to profitability. The changes to its operations resulted in the streamlining of many aspects of the management of the Corporation's operations, including the reduction of its Board of Directors, while fulfilling its mandate. The following description of the Corporation's activities should be considered in light of the commitment of Contrans to concentrate on a limited number of trucking business segments and references the recommendations of the above-noted guidelines of the Exchange.

## **Mandate of the Board**

There is no specific written mandate of the Board of Directors of the Corporation, other than the corporate standard of care set out in the governing corporate legislation of Contrans, namely the Business Corporations Act (Ontario). The Act indicates that each director and officer of a corporation governed by it, in exercising his or her powers and discharging his or her duties, shall act honestly and in good faith with a view to the best interests of the corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In fulfilling its mandate, the Board of Contrans develops and implements strategic planning decisions, oversees corporate performance and provides management to meet the Corporation's mandate, including:

- (a) appointing officers;
- (b) overseeing financial programs and policies;
- (c) approving communications to shareholders;
- (d) approving changes in the By-laws of the Corporation;
- (e) approving other specific matters such as the acquisition and disposal of capital assets and executive compensation.

Although the Board supervises, directs and oversees the business and affairs of the Corporation, it delegates the day-to-day management to others, while reserving the ability to review management decisions and to exercise final judgement on any matter.

In order to carry out the foregoing responsibilities the Board of Directors meets on a regularly scheduled basis on four occasions annually and otherwise as required by circumstances.

## **Recruitment of New Directors**

There are no formal procedures in place for recruiting new directors or to address other performance enhancing measures. The size of the Board, the nature of the business conducted by the Corporation and the familiarity of all Board members with the business are such that the directors believe that a less formal approach is adequate.

## **Shareholder Feedback and Concerns**

The Corporation is dedicated to the maintenance of good shareholder relations and attempts to deal with any expressed concerns of shareholders in an effective and timely manner. In particular, the Corporation takes special efforts to ensure that all legal and stock exchange requirements are addressed in a timely and effective manner. The Corporation has few concerns or complaints expressed to it by shareholders, but attempts to deal with the same effectively, in an informal manner.

## **Board Expectations of Management**

The Board of Directors expects management to operate the business in accordance with the mandate referred to above and to achieve maximum shareholder value, consistent with public and employee safety and the other objectives referred to above. The results of the management activities are reviewed on a continuous basis by the Board.

## **Exchange Corporate Governance Guidelines**

The Exchange report proposes 14 specific guidelines for effective corporate governance and requires each listed company to disclose its approach to corporate governance and, where the company's system is different from the guidelines, an explanation of the differences. The approach of the Corporation to the specific guidelines is as follows:

### **1. The Board should explicitly assume responsibility for stewardship of the Corporation, and specifically for:**

#### **(i) Adoption of Strategic Planning Process;**

The Board of Directors of the Corporation has not formally adopted a strategic planning process. However, both the management and outside members of the Board of Directors of the Corporation continually seek to expand and enhance the business and to seek new opportunities within the corporate mandate of Contrans.

#### **(ii) Identification of Principal Risks and Ensuring Implementation of Risk Management Systems;**

Management of the Corporation has identified the principal risks of the business, which relate primarily to its involvement in the transportation business and the nature of the products transported. Also of significance is the ability of Contrans to address differing levels of general economic activity which will affect the revenues of the business. The Corporation believes that it has adequate insurance to address the transportation risks and that its cost controls and capital base are sufficient to deal with economic fluctuations.

#### **(iii) Succession Planning and Monitoring Senior Management;**

There is no formal succession planning process at the Corporation. However, Contrans is cognizant of the need to provide for succession at the officer level and in many cases has identified potential successors. Replacement of certain officers may require a search outside of the Corporation.

**(iv) Communications Policy;**

The Corporation has not adopted a formal communications policy. It does however have procedures in place to ensure compliance with its statutory reporting and disclosure requirements.

**(v) Integrity of Internal Control and Management Information Systems;**

Management of the Corporation believes that adequate controls are in place to protect the integrity of the Corporation's internal control and management information systems. These controls are subject to periodic management reports to the Board of Directors of the Corporation.

**2. Majority of Directors should be "unrelated" (independent of management and free from conflicting interest).**

Consistent with the streamlined approach to the management and operations of the Corporation, as set out above, the Board of Directors of Contrans consists of five individuals, two of whom are officers of the Corporation and three of whom are unrelated. Although Mr. Dunford is a "significant shareholder" of the Corporation, the Board of Directors believes that the number of directors who do not have interests in or relationships with Contrans or Mr. Dunford fairly reflects the investment in the Corporation by shareholders other than Mr. Dunford.

**3. Disclosure for each Director whether he is related, and how that conclusion is reached.**

Mr. Dunford is an officer and a "significant shareholder" of Contrans and Mr. Rumble is an officer of Contrans and accordingly each is a related director. None of the remaining three directors is a member of management of the Corporation or has any interest or business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from their shareholdings.

**4. Appoint a committee responsible for the appointment/assessment of Directors.**

Contrans does not have a committee responsible for either the appointment or assessment of directors.

**5. Implement a process for assessing the effectiveness of the Board, its committees and individual Directors.**

Contrans does not have a formal process for assessing the effectiveness of the Board of Directors as a whole, the committees of the Board or the contribution of individual directors. However, the small size of the Board of Directors allows it to monitor contributions of individual board members on an ongoing basis.

**6. Provide orientation and education programs for new Directors.**

The nature and size of the Board of Directors of Contrans is such that orientation and education programs for new directors has not been required recently. At the time of the recruitment of new board members, appropriate information will be provided.

**7. Consider reducing the size of the Board, with a view to improving effectiveness.**

As noted above, Contrans has taken steps to reduce the size of its Board of Directors in conjunction with streamlining its management.

**8. Review compensation of Directors in light of risks and responsibilities.**

The Board of Directors of Contrans believes that the remuneration of the directors, which consists solely of cash compensation, is adequate having regard to the responsibilities and risk involved with being an effective director.

**9. Committees should generally be composed of outside Directors and a majority of Committee members should be unrelated.**

The two committees of the Board of Directors of Contrans are the Audit Committee and the Compensation Committee. The Audit Committee is comprised solely of outside and unrelated directors and the Compensation Committee includes two outside directors, both of whom are unrelated, and one management director. The small size of the Board of Contrans is such that other matters dealt with by board committees of larger public companies can be considered by the full board of Contrans.

**10. Appoint a committee responsible for approach to corporate governance issues.**

With the exception of the review and approval of the description of corporate governance set out herein, neither the Board of Directors nor a committee of the board has been formally mandated to develop the Corporation's approach to governance issues.

**11. Define limits to management's responsibilities by developing mandates for the Board and the Chief Executive Officer and approve the Chief Executive Officer's corporate objectives.**

The Board of Directors of Contrans has a statutory responsibility to manage or supervise the management of the business and affairs of the Corporation and it does so in a manner referred to above under "Mandate of the Board". The Board of Directors also reviews and approves the terms of the employment agreements of Messrs. Dunford and Rumble, which provide a brief description of their responsibilities. With these exceptions, there are no formal position descriptions for the board or the Chief Executive Officer or other defined limits to management's responsibilities, nor are there defined corporate objectives which the Chief Executive Officer is responsible for meeting.

**12. Establish structures and procedures to enable the Board to function independently of management.**

As noted above, a majority of the directors of the Corporation is unrelated and could, but rarely find the need to, meet independently of management. Directors who have an interest in a particular matter under consideration declare the same and refrain from discussing or voting on the matter or absent themselves from the meeting during the discussion and vote.

**13. Establish an audit committee with a specifically defined mandate, all members of which should be outside Directors.**

The Audit Committee is comprised solely of outside directors of Contrans. Its mandate includes the review of financial statements and responsibility for reviewing and reporting to the Board of Directors on internal controls of the Corporation. The Audit Committee meets periodically with the Corporation's external auditors in the absence of management.

**14. Implement a system to enable individual Directors to engage outside advisors at the Corporation's expense.**

The Corporation has not had circumstances arise which indicated that a system to enable a director to engage an outside adviser at the expense of the Corporation would be beneficial.

## **NORMAL COURSE ISSUER BID**

The Corporation has filed with The Toronto Stock Exchange a notice of intention to make a normal course issuer bid to purchase from October 26, 2001 to October 25, 2002 not more than 288,000 Class A Subordinate Voting Shares or approximately 10% of the public float of such shares as of October 9, 2001. The bid has been authorized by the Board of Directors of the Corporation to allow the Corporation to purchase Class A Subordinate Voting Shares if in the opinion of its management the purchases can be made on terms which will enhance the value of the remaining Class A Subordinate Voting Shares. All Class A Subordinate Voting Shares purchased pursuant to the bid will be cancelled. The Class B Multiple Voting Shares of the Corporation will not be the subject of the bid.

Shareholders may receive, without charge, a copy of the notice of intention to make the foregoing bid by contacting D. Jamieson Miller at Contrans Corp., 1179 Ridgeway Road, Woodstock, Ontario N4S-8P6.

Pursuant to a notice of intention to make a normal course issuer bid filed in October, 2000, the Corporation purchased 310,000 of its Class A Subordinate Voting Shares during the period from October 26, 2000 to October 25, 2001, at an average price of \$12.81 per share, excluding commissions.

## **OTHER BUSINESS**

The Corporation knows of no matter to come before the meeting other than the matters referred to in the notice of meeting.

The contents and the sending of this Circular have been approved by the Board of Directors.

Dated at Woodstock, Ontario this 9th day of October, 2001.

*D. Jamieson Miller (signed)*

D. Jamieson Miller  
Secretary