

February 26, 2002

City of Moncton - City Hall
655 Main Street
Moncton, NB E1C 1E8

Attention: Mayor Brian Murphy and Council – Delivered By Hand

Re: Conflict of Interest: Councillor Brian Hicks
Proposed Contract Between Moncton and USF Canada

Dear Mayor Murphy and Members of Council;

USF Canada Inc. understands that Councillor Brian Hicks is a senior employee with Lafarge Canada Inc. Lafarge, a successful and well respected company, is one of largest suppliers of concrete products in the world. According to the company's web site, Lafarge has 10 offices in New Brunswick – in Moncton, Blagdon, Fredericton, Minto, Boiestown, Oromocto, Hampton, Sussex, Saint John and Folly Lake. Lafarge also has 7 offices in Nova Scotia - in Greenwich, Kentville, Halifax, Dartmouth, Paradise, Annapolis and Yarmouth. Lafarge has competitors in Moncton and at numerous locations throughout Atlantic Canada.

My company believes that Councillor Hicks may be in a conflict of interest position on several points with respect to the contract that is now being discussed between USF Canada Inc. and the City of Moncton.

Lafarge offers a wide range of materials and products to public and private sector markets. Many of its products are specifically designed for and used extensively by municipalities all over the country. These products include: aggregates; aggregate products; interlocking paving stones and retaining walls; pipe and pre-cast products for water, sewer and storm systems such as manholes, catch basins and valve chambers; concrete pressure pipe; ready mix concrete and road construction and paving services.

The capital project work that our company is proposing to be involved with on behalf of the City of Moncton will most certainly be using many of these types of products and services on almost every construction project. Lafarge has an office in Moncton where Councillor Hicks is employed. Therefore, it is reasonable to conclude that Councillor Hicks' company would be very interested in supplying many products and services to construction projects (ultimately controlled by the City of Moncton) because the accumulated total value of these sales could well amount to hundreds of thousands, if not millions of dollars over the term of the proposed contract with our company. As a result, USF Canada believes that Councillor Hicks is in a position of conflict of interest in his role as a member of Moncton City Council.

Mr. Hollis Cole, the President and Chief Executive Officer of ADI Group Inc. has made at least two presentations to Moncton City Council advocating that his company be allowed the opportunity to compete for the contract that my company is currently negotiating with the City of Moncton. We are very concerned by the fact that Councillor Hicks has openly supported Mr. Cole in his presentations to Council. Councillor Hicks has also made several statements to the same effect to the media in Moncton.

ADI Group Inc. is also a successful and well respected company and, according to the company's web site, it has offices in Fredericton, Saint John, Moncton, Charlottetown, Truro, Halifax, Sydney, St. John's and Port Hawkesbury. The company also states that it has international offices in Salem, New Hampshire; Waterville, Maine and Malvern, Australia.

ADI and other engineering firms routinely determine the specifications for concrete and concrete products and make critical decisions on virtually every job they undertake where these products are used. Furthermore, it is not uncommon for engineering consultants to have the final say on the choice of the supplier and on the acceptability of every load of concrete delivered to a project site.

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ADI has in the past, is most likely presently, and undoubtedly will in the future, be involved in projects throughout New Brunswick, Nova Scotia and elsewhere where their company will have significant control regarding the use of concrete and concrete products and over the decision as to which company will supply those materials to the project. As a senior executive with ADI Mr. Cole is in a position to influence those decisions on all projects that his company is involved in – no matter where the location is.

It is not unreasonable for someone to interpret these facts and possibly conclude that Councillor Hicks' support of Mr. Cole's efforts in Moncton could well motivated ADI to look very favourably on doing business with Lafarge in preference to other competitors of Councillor Hicks' company. By extension, some people could come to the conclusion that Councillor Hicks might be motivated to continue to press for ADI to have the opportunity to be involved in a contract with the City of Moncton because of the potential for his company to be a supplier to any number of projects that ADI is involved in. As a result, my company believes that Councillor Hicks may be in a position of conflict of interest, or the appearance of a conflict on the matter between USF Canada and the City of Moncton. Mayor Murphy, I want to be absolutely clear to you, to Councillor Hicks, to all other members of Council and to ADI in stating that I am in no way suggesting that this is happening. However, I strongly recommend that in order to preserve his own integrity, the integrity of Moncton City Council, the integrity of his own company and the integrity of ADI, Councilor Hicks must acknowledge the potential conflict that I am bringing to your attention and immediately remove himself from any discussions, debates or votes that Council may have on the matter between USF Canada and the City of Moncton.

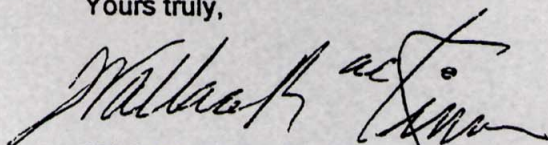
I have also found that Councillor Hicks' company has a corporate relationship with a major competitor to USF Canada and our parent company, Vivendi. The Lafarge company is a partner in a worldwide business venture with The Bouygues Group, which is based in France and with Rhodia, another company which is also based in France. The Bouygues Group is a major construction contractor on a worldwide basis and it also owns Saur, which is a direct competitor to USF Canada on projects in this country.

Saur, the 3rd largest water company in France has a corporate presence in Canada through their Canadian subsidiary, Aquatec which is based in Montreal. Aquatec and Saur have competed against USF Canada and other units of Vivendi on multiple occasions. Councillor Hicks has stated publicly that the City of Moncton should abandon all of the work, time, effort and expense that has taken place with respect to the current and completely legitimate negotiating process with USF Canada and instead force USF Canada to compete against other companies for a contract with Moncton. If invited by Moncton, Aquatec and Saur would likely submit a proposal for the City to consider. Once again, a link between the company Councilor Hicks works for and one of our competitors puts him in a position of conflict of interest.

Bearing all of this in mind USF Canada therefore feels that it has no choice other than to request that Moncton City Council immediately remove Councillor Hicks from any further involvement on this matter AND that he be prevented from making any public comment whatsoever on this entire matter.

I await your response to my company's concerns and to this request.

Yours truly,



Wallace (Wally) MacKinnon
Vice President

copy: L.E. Strang – City Manager