

CP SHIPS LIMITED SECURITIES LITIGATION NOTICE OF SETTLEMENT APPROVAL

This notice is to all Canadian citizens or individuals or entities resident, domiciled, or headquartered in Canada, or organized under the laws of Canada or a Canadian province (other than Excluded Persons, as defined below), who acquired securities of CP Ships Limited (“CP Ships”) during the period from January 29, 2003 to and including August 9, 2004 (“Class Period”), and held some or all of those securities on August 9, 2004 (“Class Members”).

READ THIS NOTICE CAREFULLY AS IT MAY AFFECT YOUR LEGAL RIGHTS.

COURT APPROVAL OF THE SETTLEMENT OF CLASS ACTIONS

In 2005, class actions were commenced in Ontario, British Columbia and Québec against CP Ships and certain of its current and former officers and directors (the “Defendants”). The Plaintiffs in the actions allege that the Defendants conspired and breached their duty of care to CP Ships shareholders by issuing materially false and/or inaccurate audited consolidated financial statements for the years ended December 31, 2002 and 2003, and interim unaudited consolidated financial statements for the quarter ended March 31, 2004. The Plaintiffs also allege that the individual Defendants engaged in insider trading in contravention of the applicable Ontario and Québec securities legislation.

On August 28, 2008, the Québec Superior Court authorized as a class proceeding on behalf of a national class. The Québec Class includes: all natural persons, corporations, partnerships or associations, normally residing or domiciled in Canada at all times relevant to the Québec Action, who purchased or otherwise acquired, directly or indirectly, or through mutual funds, during the Class Period, shares, certificates or other securities of CP Ships and have not disposed of same on or before August 9, 2004, except: (1) the Excluded Persons; and (2) Exempt Québec Class Members.

The Excluded Persons are defined to include:

- (a) the Defendants and the current, former and future officers, directors, partners, members, parents, subsidiaries, administrators, affiliates, employees, agents, attorneys, underwriters, insurers, representatives, heirs, successors in interest and assigns of any Defendant;
- (b) Raymond Miles, Frank Halliwell and Ian Webber and all members of their families;
- (c) all entities over which any of the foregoing persons or entities has or had during the Class Period any legal or de facto control; and
- (d) any person or entity who is included in the settlement class in *In Re CP Ships Ltd. Securities Litigation* (Court File No. 8:05-MD-1656-T-27TBM) (the “U.S. Action”), and who has filed a claim and received compensation in respect of the settlement of the U.S. Action.

The Exempt Québec Class Members are defined as legal persons established for a private interest, partnership or association, who employed more than 50 persons at any time during the period from August 31, 2003 to August 31, 2004, and who otherwise fit within the Québec Class.

On June 3, 2009, the Ontario action was certified as a class proceeding on behalf of all persons and entities who were Canadian citizens, or who were resident or domiciled in Canada, at any time during the Class Period, and who purchased securities of CP Ships during the Class Period, whether over the Toronto Stock Exchange or the New York Stock Exchange, or under a prospectus or an offering memorandum and who held some or all of those securities on August 9, 2004, except the Excluded Persons and members of the Québec Class, but specifically including the Exempt Québec Members.

On August 28, 2008, the Québec Superior Court authorized as a class proceeding on behalf of a national class. Subsequently, on June 3, 2009, the Ontario Superior Court of Justice certified a class consisting of Canadian citizens and entities not included within the Québec Class.

On October 19, 2009 the parties to the class actions executed a Settlement Agreement which provides that the Defendants will pay \$12.8 million (the "Settlement Amount"). The Settlement Amount is being paid in full and final settlement of all claims, including class counsel fees, disbursements, taxes and administration expenses, in return for releases and a dismissal of the class actions. The settlement is a compromise of disputed claims and is not an admission of liability, wrongdoing or fault on the part of any of the Defendants, all of whom have denied, and continue to deny, the allegations against them.

By Orders issued by the Québec Superior Court and the Ontario Superior Court of Justice (the "Courts") dated January 18, 2010 and February 3, 2010, respectively, the Courts approved the Settlement Agreement. The B.C. action was discontinued as part of the approval process.

The Courts also awarded Class Counsel legal fees, expenses and applicable taxes in the amount of \$3,234,953.37 or 25% of the Settlement Amount. Class Counsel were retained on a contingent basis such that they were only to be paid if they were successful in the litigation. Class Counsel Fees will be deducted from the Settlement Amount before it is distributed to Class Members. Expenses incurred or payable relating to approval, notification, implementation and administration of the Settlement Agreement including the fees of the Administrator ("Administration Expenses") will also be paid from the Settlement Amount.

All Class Members will be bound by the terms of the Settlement Agreement unless they "opted out" in accordance with the Notice of Settlement Hearing. The deadline to opt-out was [date].

THE U.S. ACTION

The U.S. Action was litigated in the United States on based on allegations similar to those raised in the class actions commenced in Canada. In October 2008, the United States District Court for the Middle District of Florida approved a settlement reached in the U.S. Action (the "U.S. Settlement"). Some Class Members may have been eligible to file a claim under the U.S. Settlement. Class Members who filed a claim and received payment from the U.S. settlement monies will not be eligible for compensation pursuant to the Settlement Agreement.

ADMINISTRATOR

The Courts have appointed NPT RicePoint Class Action Services as the Administrator of this Settlement Agreement. The Administrator will, among other things: (i) receive and process Claim Forms; (ii) make determinations of Class Members' eligibility for compensation pursuant

to the Distribution Protocol; (iii) communicate with Class Members regarding their eligibility for compensation; and (iv) manage and distribute the Settlement Amount.

The Administrator can be contacted at:

Telephone: **1-866-432-5534**

Mailing Address:

**CP Ships Ltd. Securities Litigation
Claims Administrator
P.O. Box 3355
London, ON N6A 4K3**

E-mail Address: claims@nptricepoint.com

Website: www.npricepoint.com

A complete copy of the Settlement Agreement is also available on the website of Class Counsel: www.classaction.ca.

CLASS MEMBERS' ENTITLEMENT TO COMPENSATION

Class Members will be eligible for compensation pursuant to the Settlement Agreement if they sustained a net loss on their Class Period transactions and if they timely submit a complete Claim Form, including any supporting documentation, to the Administrator. To be eligible for compensation under the Settlement Agreement, Class Members must submit their Claim Form postmarked no later than **Monday, June 7, 2010** (the "Claims Deadline").

The remainder of the Settlement Amount, after deduction of Class Counsel Fees and Administration Expenses (the "Net Settlement Amount") will be distributed to Class Members in accordance with the Distribution Protocol attached as Schedule "A" to the Settlement Agreement, which, in general terms, provides that:

- (a) in order to be eligible to receive compensation pursuant to the settlement, a Class Member must submit a Claim Form, including trading information that demonstrates that the Class Member sustained a loss on their Class Period transactions, to the Administrator by the Claims Deadline (an "Authorized Claimant");
- (b) Each Authorized Claimant's *nominal* entitlement to compensation will be determined by application of the formulae outlined in the Distribution Protocol which take into account: (i) the number and the price of CP Ships securities purchased by the Authorized Claimant during the Class Period ("Eligible Securities"); (ii) when the Authorized Claimant sold the Eligible Securities and the price at which such shares were sold; and (iii) the total number of claims for compensation filed with the Administrator.
- (c) Each Authorized Claimant's *actual* compensation from the Net Settlement Amount will be his/her/its *pro rata* share of the Net Settlement Amount calculated as a ratio of his/her/its nominal entitlement to the total nominal entitlements of all Authorized Claimants multiplied by the Net Settlement Amount, provided that the actual compensation paid to Authorized Claimants as a result transactions in 4% Convertible Senior Subordinated Notes due 2024 shall not exceed 8% of the Net Settlement Fund

- (d) Where applicable, the Administrator will hold back from compensation allocated to residents of Québec, amounts payable to the *Fonds d'aide aux recours collectifs*.

Any disputes arising from decisions of the Administrator may be appealed to the Ontario Superior Court of Justice.

Claim Forms must be postmarked on or before Monday, June 7, 2010. Claim Forms postmarked after Monday, June 7, 2010 will not be considered. As a result, it is necessary that you act without delay.

CLASS COUNSEL

The law firm of *Siskinds*^{LLP} are counsel to the plaintiff in the Ontario class proceeding, and can be reached by telephone, toll free, at 1-800-461-6166 ext. 2380.

The law firm of *Siskinds, Desmeules*^{s.e.n.c.r.l.} is counsel to the Plaintiff in the Québec class proceeding, and can be reached by telephone at (418)694-2009.

INTERPRETATION

If there is a conflict between the provisions of this notice and the Settlement Agreement, the terms of the Settlement Agreement will prevail.

DISTRIBUTION OF THIS NOTICE HAS BEEN AUTHORIZED
BY THE ONTARIO SUPERIOR COURT OF JUSTICE AND THE QUÉBEC SUPERIOR COURT