CN Export Fleet A10 Auction Program:

CN is offering a new grain hopper Fleet Auction Program for grain, oilseed and special crop shippers who wish to prioritize a portion of their weekly covered hopper transportation requirements. Auction Car Offers will be for CN's fleet in 10-car block shipments from CN-served loading locations, with loading capacity of 10 to 24 cars, in Western Canada to selected export destinations in Canada.

Participants will benefit from weekly prioritized car order confirmation and train service planning processes.

The program is intended to:

- Be compatible with CN’s Order Book for Western Canada grain
- Facilitate reliable execution under CN’s weekly Scheduled Grain Service plan
- Allow commercial access to CN’s Western Canadian Grain Hopper Fleet.

General information

This program is for shipments from elevators or loading facilities at origins directly served by CN or by CN partner short lines in Manitoba, Saskatchewan, Alberta and British Columbia, which load grain, oilseeds and special crops for shipment in covered hoppers.

Program is for export shipments from these origins moving to selected export destinations in Canada for CN linehaul. Shipments must be CN-direct movements or interline and Rule 11 movements over gateways compliant with CN routing protocol.

Freight rates that apply to railroad-provided cars under CN linehaul tariffs and asset use, car ordering, and other charges and credits that apply to railroad-provided cars under tariff CN 9000 Optional Services - Carload will apply to under this program.

Program is intended for single car block shipments or single car shipments to port destinations of Vancouver BC, Prince Rupert B.C. Thunder Bay ON or Eastern Canada ports. Program is not available for origins served by an interswitching carrier, or for CN-served sidings made available for loading of cars that are ordered through and allocated by the Canadian Grain Commission under section 87(2) of the Canada Grain Act.
Eligible Participants

A Participant must:

- Have an approved line of credit in good standing with CN;
- Be registered in CN’s eBusiness electronic commerce program to receive and make payments under this program via electronic funds transfer;
- Have management control of an elevator or grain loading facility at an eligible origin, or if a third party reach agreement (independent of CN) and coordinate with the party that has management control (loader), to place car orders through CN’s Grain Car Order eBusiness tool and to ensure cars supplied and placed are loaded, shipped and billed in compliance with the terms of the Fleet Auction Program.

Participants may communicate with CN regarding program administration by electronic mail transmission to AuctionCarProgramCanada@CN.CA to the attention of Program Administrator.

Auction Car Offer (ACO) Guidelines

Participants are invited to make Auction Car Offers for weekly car units.

- Auction car offers (ACO) is defined as an “offer” from the participant with a financial offer/payment to CN in exchange, CN to provide a contracted weekly hopper car allotment.
- A car unit consists of 10 cars per unit.
- The minimum financial ACO is set at C$250 per car per car unit.
- You may submit ACO by email transmission to AuctionCarProgramCanada@CN.CA to the attention of Program Administrator.
- If the number of car units offered is over subscribed, CN will select the ACO based on the highest ACO financial offer.
- CN, at its own discretion, reserves the right to reject any or all valid ACO offers or portions.
- Successful Participants will have ENTERED into a Fleet Auction Contract with CN, with all the rights and obligations
- Successful ACO will receive electronic confirmation that their ACO has been awarded.
- CN will confirm acceptance of an ACO by assigning an ACO Contract number and communicating this to the Participant. Acceptance will be made by electronic transmission.
- CN will invoice the Participant represented on the successful ACO. The ACO Payment is non-refundable.
Weekly Car Ordering

Car ordering guidelines:

- Car unit order requests for a specific week must be in multiples of 10-cars order requests per origin.
- Participant with multiple units must provide car order requests up to the maximum car spot of the first origin requested and so forth until all car units have been ordered.

**Example:** A Participant has 2 ACO units, (20 cars allotments), the car order request would be 20 car allotments placed at a 20 car loading origin.

- The maximum number of car order requests finalized under this program, or any other program, at one origin, in one week, is limited to the total car spot at that origin, unless otherwise agreed in advance by CN.
- If there are previous weeks ACO finalized car orders or any other program finalized car orders not yet serviced, additional ACO order requests will not be finalized until the origin has been supplied with the outstanding car supply. Car orders must be submitted to CN through the Grain Car Order eBusiness tool by 1:00 PM Central Time on Tuesdays, consistent with the Western Canada grain car ordering provisions in tariff tariff CN 9000. Grain car order requests must specify origin loading facility, desired want date, destination corridor, destination, commodity, number of railcars, and reference codes to track program compliance. Eligible port corridors are: VN – Vancouver North, VS-Vancouver South, NP- Vancouver transloaders, PR-Prince Rupert, LH-Thunder Bay, EC-Eastern Canada ports.

CN service targets:

- **Finalization:** CN will target confirmation of car order request and plan service during or prior to the week of the want date. In the event that CN does not provide confirmation of a car order(s) and plan service during or prior to the week of the want date or during the following week, CN will pay the Customer a Service Plan Incentive fee of C$250 per car plus return the original bid amount, if the car order request is not confirmed and service planned for within that time frame. CN will have no future obligations to provide cars allocation for such order.
- **Placement:** In the event that empty cars are not placed at the origin or at interchange for origins served by CN partner short lines within the week of the planned service date or by Sunday 23:59 local time of the following week, CN will pay the Customer the Performance Incentive fee of CAD$250 per car for late placement if the cars are not placed with that time frame and return the original bid amount paid by the customer. CN will have no future obligations to provide cars allocation for such order.
- If the participant changes the loading location or destination corridor once a car order request has been confirmed we will do our best to accommodate your request but will not be subject to Service Plan Incentive fee for non-placement of cars if we accept the change request.
CN A10 Export Auction Program  
Western Canada Grain – 2018/19 Crop Year

- Cars placed must be shipped to the destination corridor consistent with the confirmed car order, and with all waybill reference codes in the bill of lading / shipment instructions to track program compliance. Mis-loading to a different corridor without CN consent will result in charges under tariff CN 9000, and suspension of Participant rights.

- Supply Chain Fluidity – CN reserves the right to reduce car allocation at its discretion to corridors with pipelines at capacity, subject to review with the Customer.

- When Participants do not place car order requests for the ACO contract, a fee of C$250 per car will apply to the ACO Participant and forfeit the ACO financial bid.

- Participants without management control over an elevator or loading facility at an eligible origin (third parties) must reach agreement, independent of CN, with the party that has management control (the loader) to place car orders, and to load, ship and bill cars placed in compliance with the program.

Procedure for Auction Car Offers

- CN will publish, on its website at www.cn.ca, the following:
  a. Closing date/time on which CN will accept Auction Contract Offers for specific grain weeks.
  b. Total number of weekly car units offered by grain week.
  c. Auction Car Offer weekly Offer results
  d. Auction Car Offer form
  e. Program Contact email information

- CN will confirm acceptance of an ACO by assigning an ACO Contract number and communicating this to the Participant. Acceptance will be made by electronic transmission. CN will invoice the Participant represented on the successful ACO. The ACO Payment for the successful ACO Contract, ACO are non-refundable.
Fleet Auction Program for Western Canada Grain - Frequently Asked Questions

Q: Who is eligible to participate in this program?
A: Participants must: (1) have an approved line of credit in good standing with CN; (2) be registered in CN’s eBusiness electronic commerce program to receive and make payments under this program via electronic funds transfer; (3) have management control of an elevator or grain loading facility at an eligible origin, or (if a third party) reach agreement (independent of CN) and coordinate with the party that has management control (loader), to place car orders through CN’s Grain Car Order eBusiness tool and to ensure cars supplied and placed are loaded, shipped and billed in compliance with the terms of the fleet integration agreement and (4) will be ordering cars for facilities with track loading capacity of 10 to 24 cars.

Q: What loading facilities are eligible in this program?
A: An elevator or grain loading facility directly served by CN or by a CN partner short line in Western Canada. Eligible loading facility must be set up for cars to be ordered through CN Grain Car Order eBusiness tool, and have sufficient car spot capacity to receive all cars ordered in one week, in multiples of 10-car lots, for placement at one time on arrival in a single switching operation. Program is not available for origins served by an interswitching carrier, or for CN-served sidings made available for loading of cars that are ordered through and allocated by the Canadian Grain Commission under section 87(2) of the Canada Grain Act.

Q: What may be shipped under the program and car block sizes?
A: All grain, oilseed and specialty crops in Western Canada. Car units are to be ordered and shipped in 10-car lots.

Q: To which destination markets will the program apply?
A: Origins in Western Canada to specific export destinations in Canada.

Q: How will CN decide who is the successful bid applicant in the event of the tie?
A: The applicant who provides their bid first will be the awarded the allocation.
Q:
Are Fleet Auction Car contracts transferable between Participants?
A:
Yes, Participants can transfer the contract between themselves. CN will not participate in the secondary market. An eligible shipper/loading facility is still responsible to undertake all the weekly car ordering processes, including entry of specific contract codes for program verification. If a Participant has secured more than one 10-car contract for a given week and wants to trade with another Party, the Participant must transfer ALL contracts to the other Party. For example, if the Participant wins two 10-car contracts for a given week, the Participant would trade both those contracts to another single Party.

For further information, contact your CN Account Manager.
Confidential

Date: __________________

CANADIAN NATIONAL RAILWAY COMPANY

CN Export Fleet A10 Auction Car Offer

| Participant Company: | |
| Participant Name: | |
| Participant Phone: | |
| Participant Email: | |

Auction Car Offer Details:

<table>
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<tr>
<th>ACO Grain Week</th>
<th>No. of Car Units (1 unit=10cars)</th>
<th>ACO for each Car ($CAD) Minimum ACO = $250/car</th>
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Results:

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<th>Car Units awarded at ACO</th>
<th>ACO Contract Number</th>
<th>Total ACO of all Units awarded</th>
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Email Auction Car Offer to: AuctionCarProgramCanada@CN.CA
Attention: Program Administrator