

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Docket No. EP 707

DEMURRAGE LIABILITY

**REPLY COMMENTS OF
CANADIAN PACIFIC RAILWAY COMPANY**

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CANADIAN PACIFIC RAILWAY COMPANY**

Canadian Pacific Railway Company (“CP”) submits these Reply Comments regarding the Advance Notice of Proposed Rulemaking (“ANPRM”) served in the above-captioned proceeding on December 3, 2010. As CP explained in its Opening Comments, it strongly supports the Board’s proposal to adopt a policy statement or rule “addressing when parties should be responsible for demurrage in light of current commercial practices followed by rail carriers, shippers, and receivers.” ANPRM at 1. Action by the Board is critically important to resolve the variance among federal courts regarding the right of carriers to assess demurrage charges against intermediaries such as warehousemen, terminals, and transloaders. While some courts adhere to the traditional rule that the party designated as consignee on the bill of lading is presumptively responsible for demurrage charges, *see, e.g., CSX Transp. Co. v. Novolog Bucks Cty.*, 502 F.3d 247 (3d Cir. 2007), other courts have ruled that the language of the bill of lading is irrelevant unless the consignee has separately agreed to be named consignee. *See Norfolk So. Ry. Co. v. Groves*, 586 F.3d 1273 (11th Cir. 2009). As CP and several other parties observed in opening comments, the *Groves* approach effectively creates a loophole enabling intermediaries to avoid demurrage liability by refusing to expressly contract for such liability. *See* CP Opening Comments at 12-15; Association of American Railroads Opening Comments, Ex Parte 707 (filed

Mar. 7, 2011) (“AAR Opening Comments”) at 14-15; Norfolk Southern Railway Co. Opening Comments, Ex Parte 707 (filed Mar. 7, 2011) (“NS Opening Comments”) at 17-18.

The *Groves* approach is both a sharp departure from the agency’s precedents and deeply unwise as a matter of transportation policy. The North American rail freight system is an interconnected network, and delays caused by one participant in that network have ripple effects throughout the system. Railroads, shippers, and third party intermediaries all have responsibilities to promote the efficient and fluid movement of freight through the rail transportation network, and intermediaries should be held responsible for the delays they cause.

Section I of these Reply Comments discusses the substantial commonalities in the Opening Comments. Most commenters agree both that demurrage serves an important purpose in the rail transportation network and that intermediaries are key participants in that network. No commenter has articulated a legitimate policy reason why intermediaries should be exempted from demurrage liability for delays caused by those intermediaries. Section II responds to some of the generalized complaints that intermediaries have made about demurrage, such as improper consignee designations, alleged lack of notice, and “bunching” of cars. None of these complaints justifies a rule that would effectively exempt intermediaries from demurrage charges for delays caused by their failure to unload cars in a timely manner. Finally, Section III reiterates the solution CP proposed in its Opening Comments to resolve the uncertainty created by the split among federal courts: namely, the Board should articulate a uniform demurrage policy stating that an intermediary named as consignee in a bill of lading who accepts railcars is presumptively responsible for the delivering carrier’s demurrage charges, unless the intermediary provides notice of an agency relationship in accordance with 49 U.S.C. § 10743(a)(1).

I. INTERMEDIARIES PLAY A CRITICAL ROLE IN THE TRANSPORTATION NETWORK AND EXEMPTING INTERMEDIARIES FROM DEMURRAGE LIABILITY IS NOT SOUND TRANSPORTATION POLICY.

The Opening Comments confirm the need for the Board to articulate a clear policy under which all participants in the transportation network bear their fair share of costs for delays in the system. Most commenters agree both that demurrage charges are necessary and important to ensure the efficient use of railcars and that intermediaries play an increasingly important role in the rail transportation network. Indeed, several of the individual intermediaries who filed opening comments admit that there are circumstances in which demurrage liability is appropriate.

First, commenters agree that demurrage charges are an important element of a well-functioning transportation network, for “[t]he efficient use of freight cars is an essential of an adequate transportation system.” *Turner, Dennis & Lowry Lumber Co. v. Chicago, Milwaukee & St. Paul Ry. Co.*, 271 U.S. 259, 262 (1926). *See, e.g.*, AAR Opening Comments at 4-6; NS Opening Comments at 9-11; Union Pacific Railroad Company Opening Comments, Ex Parte 707 (filed Mar. 7, 2011) (“UP Opening Comments”) at 2-3. Indeed, even the International Warehouse Logistic Association (“IWLA”) – which takes the position that warehousemen should be specially exempted from demurrage liability – recognizes that “demurrage and detention contribute toward making [the transportation] system more efficient” and that “IWLA members benefit from demurrage.” IWLA Comments, Ex Parte 707 (filed Jan. 24, 2011) at 2. There is no dispute that the economic incentives for efficient car handling created by demurrage rules are a highly effective way to reduce unreasonable delays in handling railcars. *See* CP Opening Comments at 3-4.

Second, commenters agree that intermediaries – including warehousemen, transloaders, and terminals – are critical elements of the transportation network. *See, e.g.*, Indiana Harbor Belt

Railroad Co. Opening Comments, Ex Parte 707 (filed Jan. 24, 2011) (“IHB Opening Comments”) at 2; NS Opening Comments at 12. Indeed, given the rapid increase in intermodal traffic in recent years, intermediaries play an even more role today than they did at the time the ICC decided *Eastern Central*. See CP Opening Comments at 13-14 (detailing increase in intermodal traffic).

While the IWLA claims that warehousemen’s “function is outside the transport of the goods,” that legalistic formulation is at odds with the practical reality that warehousemen are intimately involved with the transportation of goods. IWLA Comments at 3. Indeed, at the core of a warehousemen’s function is the receiving, loading, and unloading of freight – all of which are essential elements of the movement of goods by rail. See *id.* at 6, 10 (acknowledging that warehousemen receive, load, and unload freight); *cf.* 49 U.S.C. § 10102(9) (definition of “transportation” includes “services related to [the movement of property by rail], including receipt, delivery, elevation, transfer in transit, refrigeration, icing, ventilation, storage, handling, and interchange of passengers and property” (emphasis added)). There can be little dispute that the role warehousemen, transloaders, and other intermediaries play in the transportation network is a critical one, and that the efficient handling of freight by intermediaries is as important to the smooth functioning of the transportation network as the efficiency of shippers and railroads.

Third, nearly all commenters acknowledge that intermediaries should pay demurrage when they are responsible for detaining railcars. See, AAR Opening Comments at 2-3; BNSF Railway Company Opening Comments, Ex Parte 707 (filed Mar. 7, 2011) (“BNSF Opening Comments”) at 3; NS Opening Comments at 12-15. The Indiana Harbor Belt Railroad observed that it was particularly appropriate to hold intermediaries responsible for railcar delays because often “[t]he Intermediaries are the only parties to the transaction that can control all the steps of

the transaction. . . . Only the intermediary that controls the facility can organize the efforts to receive the freight, unload the car, and release the empty back to the railroad. . . . In times of constrained capacity they are the natural referee as to which freight to receive and in what order to ensure the timely unloading and release of the equipment, as they are the best parties to have knowledge of the optimization of the unloading process.” IHB Opening Comments at 2.

This sentiment is not limited to rail carriers. Indeed, several of the intermediaries who submitted comments candidly acknowledge that intermediaries can be liable for demurrage. For example, Savannah Reload acknowledges that “the warehouseman certainly has a role to play in the accumulation of demurrage” and that there are situations in which a warehouseman at fault for causing delays should properly be held liable for demurrage. *See* Savannah Reload Opening Comments, Ex Parte 707, at 1, 3 (filed Jan. 24, 2011). Similarly, Freeport Logistics, Inc., a third party logistics rail-served distribution warehouse, noted in its comments that “we have paid our fair amount of demurrage over the years when we have been at fault.” Freeport Logistics Comments, Ex Parte 707, at 2 (filed Apr. 14, 2011). The views of these particular intermediaries are not unusual. BNSF noted that in its experience most warehousemen and transloaders “will accept responsibility for demurrage incurred on the shipments [they] receive[] from BNSF.” BNSF Opening Comments at 3-4. With the notable exception of the IWLA, the consensus of the opening comments is that intermediaries can and should be liable for demurrage when they are responsible for delays to railcars.

II. INTERMEDIARIES’ COMPLAINTS ABOUT DEMURRAGE ARE NOT REASON FOR INTERMEDIARIES TO BE EXEMPT FROM DEMURRAGE LIABILITY.

Several intermediary commenters have made generalized complaints about how demurrage liability is applied. Some have complained that intermediaries have been wrongly named as the consignee on bills of lading; that they are not given sufficient notice of demurrage

liability; and that they should not be held responsible for demurrage when carriers “bunch” cars or otherwise are responsible for car delays. None of these complaints has any effect on the fundamental question before the Board: whether intermediaries should be exempted from responsibility for demurrage charges for delays caused by those intermediaries.

First, intermediaries have complained that they are sometimes erroneously identified as consignee for some shipments and suggest that demurrage liability should not attach in those situations. IWLA blames railroads for these alleged errors, claiming that railroads need to “correct[] their procedure of misidentifying parties.” IWLA Comments at 5. This accusation misrepresents the process by which bills of lading are prepared and the parties who are responsible for characterizing the receivers’ status in bills of lading.

The bill of lading constitutes the shipping instructions that are to govern a railroad’s movement of tendered freight. While bills of lading contain certain standard terms and conditions, all the shipment-specific information in the bill of lading – including origin, destination, shipper name, consignee name, commodity description, and weight – are provided by the shipper-consignor, not the serving carrier. For example, to initiate a shipment on CP a shipper must submit its shipping instructions to CP via an electronic (or faxed) bill of lading. *See* CP’s Guide to Products and Services (Tariff 1), at 29 (attached as Exhibit 1). Among other things, the shipper is required to provide the “Consignee’s name and full address.” *Id.* at 2. Other Class I railroads similarly have explained that shippers provide the information on bills of lading, including the designation of consignee. *See, e.g.*, BNSF Opening Comments at 2; CSX Transportation, Inc. Opening Comments, Ex Parte 707 (filed Mar. 7, 2011) (“CSXT Opening Comments”) at 3; UP Opening Comments at 5.

Any misidentification of a consignee is therefore caused not by the railroad, but rather by the shipper/consignor who provides the consignee information on bills of lading. *See* CSXT Opening Comments at 5 (“When the shipper/consignor incorrectly identifies the warehouseman as a consignee (instead of an “in care of party”), it is the communication link between those two business partners that is failing.”). Such misidentification problems must be resolved between the shipper/consignor and the intermediary who believes it has been designated consignee inappropriately. Railroads – who are required by law to follow the instructions given by the shipper in the bill of lading – have little opportunity or ability to correct any errors. Indeed, railroads rarely have any knowledge of the precise legal relationship between the consignor and the receiver, and therefore are not in a position to determine whether the bill of lading accurately reflects the consignor’s arrangements with the receiver. *See id.* (“The rail carrier has never – and will never – be in a position to know the intricacies of the unique commercial relationship that exists between the shipper/consignor and the receiver, nor the division of responsibility that each has agreed to.”).

Indeed, IWLA’s comments indicate that this issue is commonly addressed by shipper/consignors and intermediaries; IWLA even publishes standard terms for its members to use in agreements with their customers to address instances where the customer misidentifies a warehouseman as consignee. *See* IWLA Opening Comments at 5 (quoting “Standard Terms and Conditions promulgated by the IWLA” that “specifically address[] demurrage issues and the improper characterization of 3PL Warehouses”). Resolving this sort of error in designating a consignee is a matter between the shipper/consignor and the allegedly misidentified party. The fact that shippers occasionally make such errors is no reason for intermediaries to have a blanket exemption for demurrage liability.

Second, and relatedly, intermediaries complain that it is unfair to hold them responsible for demurrage liability unless the intermediary knows that it has been designated as the consignee and has affirmatively consented to that designation. *See, e.g.*, IWLA Opening Comments at 2-4. Both the factual and legal predicates of this argument are incorrect. As a factual matter, intermediaries are sophisticated participants in the logistics network who have ample tools to apprise themselves of inbound traffic and to understand their demurrage liability. Intermediaries have access to state-of-the-art tools that allow them to keep track of inbound and outbound shipments. *See, e.g.*, BNSF Opening Comments at 2-3; CSXT Opening Comments at 3; UP Opening Comments at 5. CP makes similar tools available to intermediaries with responsibility for CP shipments. In the same vein, intermediaries often can use the same tools that shippers use to monitor their demurrage charges. *See, e.g.*, BNSF Opening Comments at 2-3; CSXT Opening Comments at 4; UP Opening Comments at 4-5. CP's Demurrage program offers some of the same monitoring capabilities as the electronic demurrage tools described in other carriers' opening comments, and provides a user-friendly mechanism for an intermediary to keep track of demurrage charges. And intermediaries cannot credibly assert that they lack notice of railroad demurrage policies, which are typically published on carriers' websites. *See, e.g.*, CP Opening Comments at 19 & nn. 23-25 (listing Class I demurrage policies publicly available on carrier websites). In the 21st century transportation environment, intermediaries have access to multiple sources of real-time information that belies claims as to "lack of notice."

As a legal matter, intermediaries' claim that demurrage liability cannot be imposed unless the intermediary separately consents to such liability is incorrect. As CP explained in its Opening Comments, an intermediary's decision to accept freight for which it has been designated consignee is sufficient acceptance of potential demurrage liability to constitute a

legally binding obligation. *See* CP Opening Comments at 15-16. Contract law does not require a written legal document wherein the intermediary “assents” to being responsible for demurrage – an intermediary’s acceptance of freight manifests its assent to all terms and conditions associated with that acceptance. Put differently, when an intermediary chooses to accept the potential revenue opportunity from handling a railcar, it also accepts the potential cost of demurrage liability for an unreasonable delay in handling that railcar. The fact that most intermediaries accept railcars from the same delivering carriers on a daily basis further undermines the contention that they should not be held responsible for demurrage unless they expressly agree to accept such responsibility.

Third, some commenters complain that demurrage has been applied in situations where it is not fair to do so, such as when a rail carrier allegedly “bunches” a delivery of cars in a manner that prevents the intermediary from unloading them all in the allotted time. *See, e.g.*, IWLA Opening Comments at 4; Savannah Reload Opening Comments at 2. In the first place, CP and some other carriers apply a “credit” system for demurrage, whereby a shipper that efficiently turns around some railcars in less than the allotted time earns “credits” that can be applied to other railcars that the shipper takes longer to unload. *See* Exhibit 1 to CP Opening Comments at 5-7 (CP Railcar Supplemental Services Tariff); *see also* UP Opening Comments at 2-3. This credit system (as opposed to a system that did not reward efficiency) mitigates the effects of any bunching that may occur. More fundamentally, intermediaries’ claims that it might be unfair to apply demurrage charges in particular situations provides no justification for exempting them from demurrage liability altogether. In most instances, railroads and shippers or intermediaries resolve disputes about demurrage liability informally and amicably, including claims that a carrier’s conduct caused the delay and should preclude demurrage. If informal discussions fail

and an intermediary claims that a railroad had adopted unreasonable demurrage practices that unfairly allocate demurrage liability, the intermediary can file a complaint with the Board challenging those practices. *See* 49 U.S.C. §§ 10702(2), 11702(b). The fact that intermediaries and railroads may disagree about whether demurrage charges are warranted in a particular case – just as shippers and railroads sometimes disagree about whether demurrage is appropriate – is not a reason for adopting a demurrage policy that would treat intermediaries responsible for railcar delays differently than other entities responsible for such delays.

III. THE BOARD SHOULD TAKE THE APPROACH SUGGESTED IN CP'S OPENING COMMENTS.

The Board instituted this proceeding to resolve the conflict among the federal courts about the applicability of demurrage liability to shipments handled by warehousemen and other intermediaries. This conflict was largely created by the Eleventh Circuit's *Groves* decision, which rejected the established *Eastern Central* rule that a consignee named on the bill of lading is responsible for demurrage charges, in favor of a rule allowing an intermediary named as consignee on the bill of lading to contest demurrage liability by claiming that it did not affirmatively "assent" to be liable for demurrage charges or did not have adequate notice that it was the named consignee. As CP and other parties observed in opening comments, the loophole created by the *Groves* decision is both legally unjustified and unsupportable as a matter of policy. *See* CP Opening Comments at 12-15; AAR Opening Comments at 14-15; NS Opening Comments at 17-18. If an intermediary chooses to accept delivery of rail cars with respect to which it is the named consignee, it should not be permitted to exempt itself from the delivering railroad's demurrage rules and practices by the simple expedient of declining to agree to be bound by those rules and practices.

CP's Opening Comments proposed a straightforward approach whereby the Board can articulate a uniform demurrage policy consistent with "the national need[]" to maintain "an adequate supply of freight cars to be available for transportation of property." 49 U.S.C. § 10746. Specifically, the Board can issue a policy statement indicating that, for purposes of the Interstate Commerce Act, the Board interprets the term "consignee" to mean "consignee" as defined in 49 U.S.C. § 80101(1): "the person named in the bill of lading as the person to whom the goods are to be delivered." See CP Opening Comments at 16-19. In other words, the Board should make clear that the consignee identified on the bill of lading is the legal consignee for all purposes, and reject the argument that an entity does not become a true "legal consignee" unless it consents to that designation. In particular, the Board should clarify that the § 80101(1) definition of "consignee" applies to the statutory provisions of 49 U.S.C. § 10743. Under Section 10743(a)(1), a named "consignee" can avoid liability for demurrage charges only by (1) providing the carrier notice of an agency relationship (and identifying the party actually responsible for demurrage) prior to delivery, or (2) refusing the shipment. See *Novolog*, 502 F.3d at 259 (citing 49 U.S.C. § 10743). In the absence of such notice, § 10743(a) clearly provides that the "consignee is liable." By issuing a policy statement or interpretation holding that the § 80101 definition of "consignee" applies to § 10743, the Board will effectively restore the pre-*Groves* understanding that a consignee named on the bill of lading is presumptively responsible for demurrage unless it complies with the statutory process to notify the railroad that the consignee is acting as an agent for another party who should be held responsible for any charges. Such a clarification will promote uniformity in the application of demurrage tariffs, rules and charges throughout the national rail system, and enable railroads once again to rely upon the information provided to them in the bill of lading to determine the party responsible for

payment of demurrage charges on railcars that are not unloaded and returned in timely fashion. At the same time, the proposed clarification of the Board's interpretation of the statute will protect intermediaries who act only as "agents" for an unnamed principal by alerting them to their right to avoid liability by providing to the railroad the information prescribed by § 10743(a)(1)(A) and (B).

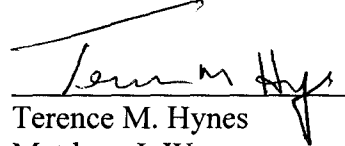
While the Board arguably has statutory authority under § 10746 to substantially remake demurrage policy and allow carriers to charge receivers for demurrage regardless of whether those receivers are designated as consignees on the applicable bills of lading, *see* CP Opening Comments at 22-23, the Board does not need to go that far to correct the confusion created by *Groves*. On balance, CP believes that the best approach would be to restore the pre-*Groves* legal regime under which carriers can rely on bill of lading designations to determine demurrage responsibility unless the carrier has received sufficient § 10743 notice that a party other than the named consignee should be held responsible for any demurrage.

CONCLUSION

For the foregoing reasons and those stated in CP's Opening Comments, the Board should take action to prevent an intermediary who is named as consignee in a bill of lading from avoiding responsibility for demurrage charges simply by asserting that it did not explicitly assent to demurrage liability. The Board can accomplish that objective by issuing a policy statement clarifying that the term "consignee" in 49 U.S.C. § 10743 has the meaning given to the term "consignee" by Congress in 49 U.S.C. § 80101(1). Such a clarification will promote uniform application of demurrage rules and charges throughout the national rail system, eliminate the uncertainty created by the inconsistent holdings in *Novolog* and *Groves*, and enable railroads to

rely upon the information set forth in the bill of lading in assessing demurrage charges on railcars that are not unloaded and returned in timely fashion.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Terence M. Hynes", is written over a horizontal line.

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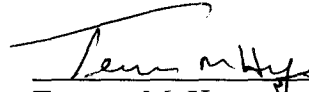
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Dated: May 20, 2011

CERTIFICATE OF SERVICE

I hereby certify that I have caused a copy of the foregoing Reply Comments of Canadian Pacific Railway Company to be served by first class mail, postage prepaid, this 20th day of May 2011, to all parties of record.



Terence M. Hynes

EXHIBIT 1

(DOCKET NO. EP 707 - CPR REPLY COMMENTS)

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CP's Guide to Products and Services

Tariff 1

CANADIAN PACIFIC

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Changes can be identified
by these icons



Wording change



Price decrease



Price increase

Tariff 1 - CP's Guide to Products and Services

**No matter what you're shipping,
we go out of our way to ensure your
load gets where it needs to be, when
it needs to be there.**

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Frequently asked questions please visit www.cpr.ca



What CP can do for you

About Canadian Pacific

Canadian Pacific (CP) is a modern transportation service company, a transcontinental class 1 railway providing logistics and supply chain expertise. With the genetic advantages of rail over every other mode of land-based transportation, and our seamless links across North America we deliver superior value to you, our customer. We are a company in motion, selectively investing in expansion to extend our reach and grow with our customers. (TSX/NYSE: CP)

Our vision is to be the safest, most fluid railway in North America.

CP's transportation services

CP owns and operates a transcontinental railway in Canada and the United States with direct links to eight major ports, including Vancouver and Montreal, extending our reach and allowing you to access markets in every corner of the globe. Within North America our market reach extends beyond our rails through our partnerships with other railways and our network of Intermodal, Transload, and Automotive terminals. We combine the cost efficiency and environmental sensitivity of rail, with the flexibility of our extended reach to deliver the transportation service you need to grow your business.

Intermodal

Time sensitive, reliable, truck-like offering with service to your door. Combining the flexibility and reliability of a truck and the cost savings of rail over long distances.

Transload

No matter what you're moving, our network of transload facilities will cost-effectively connect you to your customer, even if they're not directly served by rail.

Rail

Time tested and true, there's no more cost effective way to ship large quantities over land than by rail.

Rail-based transportation is your safest, most cost effective, and most environmentally sensitive option over long distances.

Looking for more?

Canadian Pacific Logistics Solutions is a provider of integrated, multi-modal transportation solutions, our customized logistics services that go far beyond rail, right into the heart of your business. Whether you're looking to reach North American or other global markets, improve service and efficiencies or simply cut costs, we can help. With our cross-industry knowledge and broad operational experience we can help you to unlock the hidden value in your supply chain.



What we move

Grain

With delivery to major North American ports and processors in Canada and the US mid-west, we provide our customers with a wide range of products and services to allow for the efficient movement of grain to market.

Food and consumer

As a leading provider of transportation services for retail and consumer products including food, household and other retail goods, CP's reach extends beyond our rail into markets across North America both big and small.

Coal

With efficient and safe train service to ports, as well as major facilities and terminals in North America. CP is a key partner in your coal supply chain.

Fertilizers

We service major potash and nitrogen facilities in Canada, providing direct export service to Vancouver and access to a variety of key North American markets.

Industrial products

Moving both input materials and finished goods, we provide safe transportation service to major industrial and consumer markets across North America. Industrial Products traffic includes an array of commodities grouped as:

- Chemicals and plastics
- Aggregates
- Mines and metals
- Steel
- Energy

Forest products

Servicing customers in all of the major production areas in Canada, including British Columbia, northern Alberta, northern Saskatchewan, Ontario and Quebec. Forest Products traffic includes an array of commodities grouped as:

- Lumber & Panel
- Paper & Newsprint
- Pulp & Paperboard

Automotive

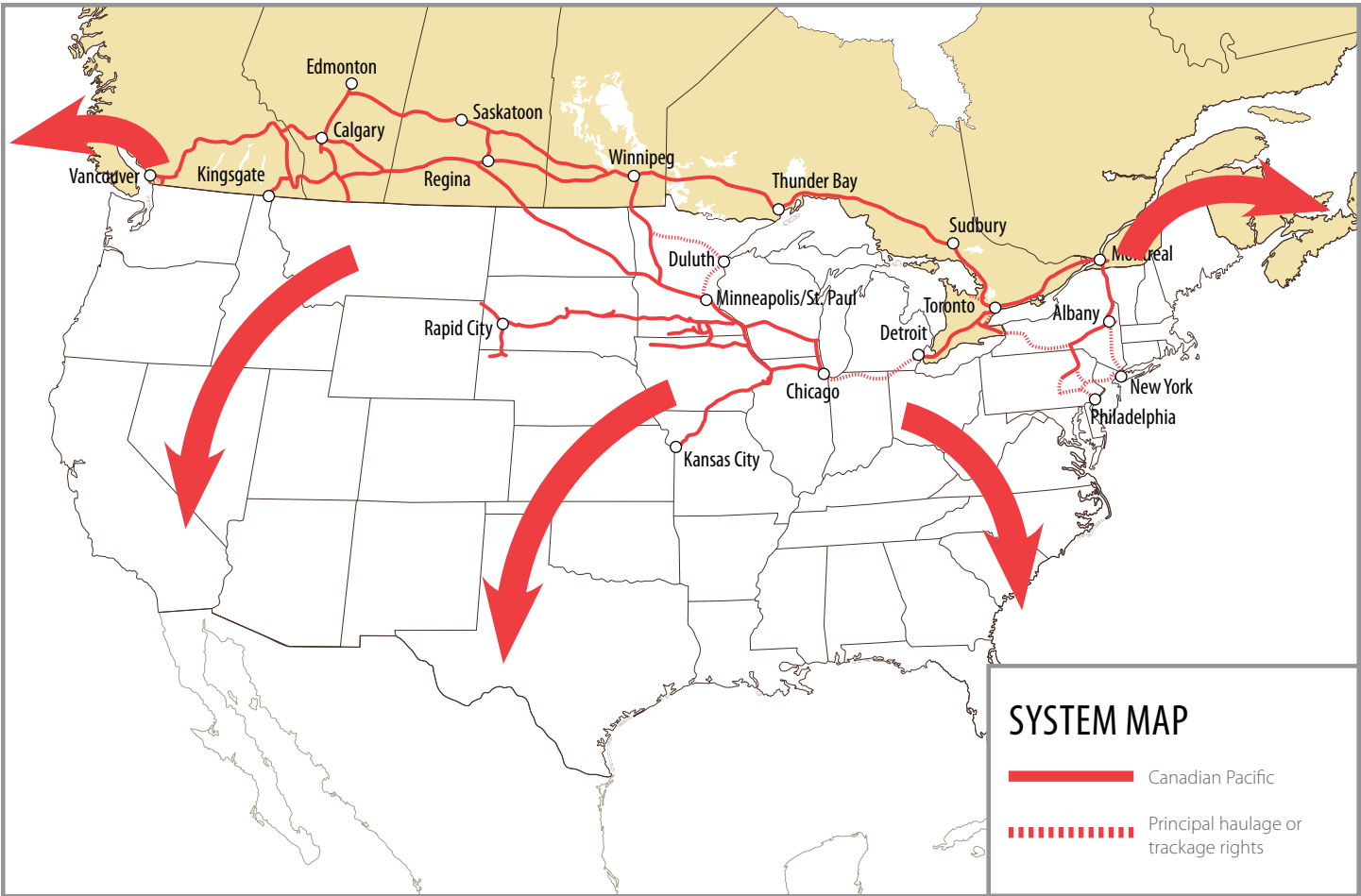
Our long-term partnership with the Automotive industry provides customers with efficient transportation of new and pre-owned vehicles, parts and trucks, moving millions of new cars and light trucks annually. With our secure vehicle distribution facilities, we make sure your new and used vehicles arrive safely.

Sulphur

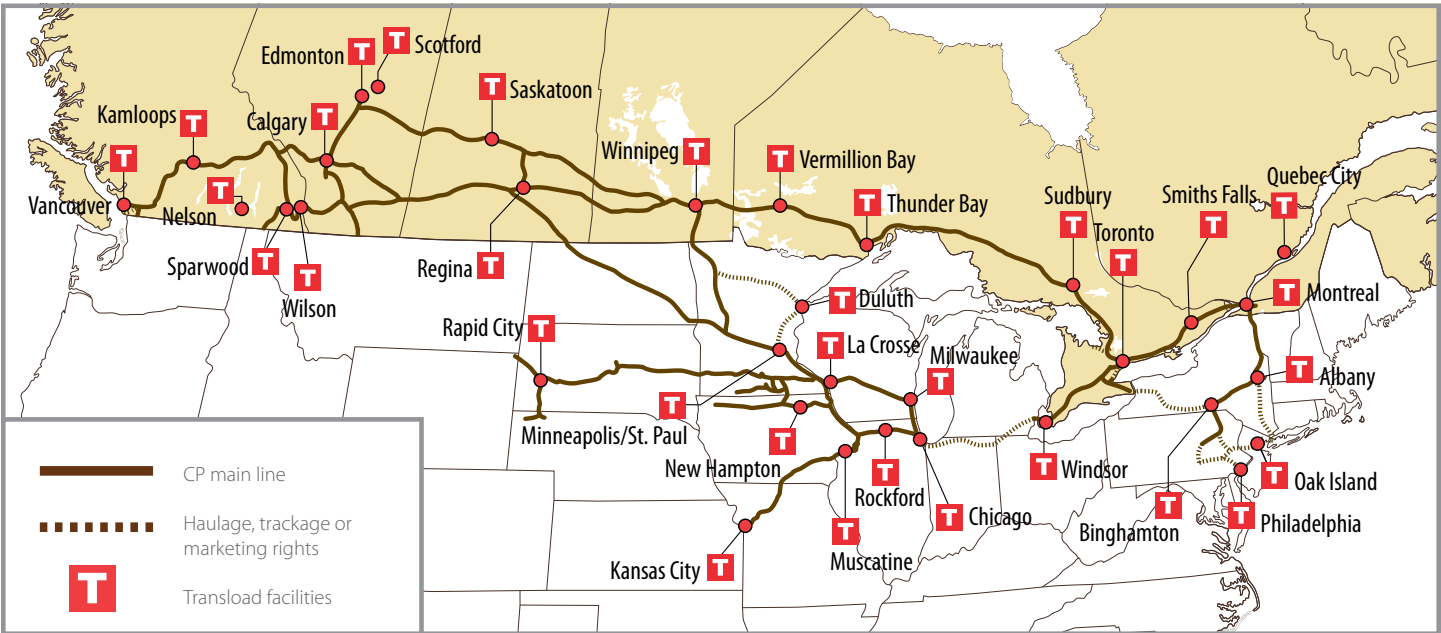
As the leading supplier of transportation from Alberta, CP is an integral part of the efficient access to the International market through the Port of Vancouver and liquid markets throughout North America.

Where we go

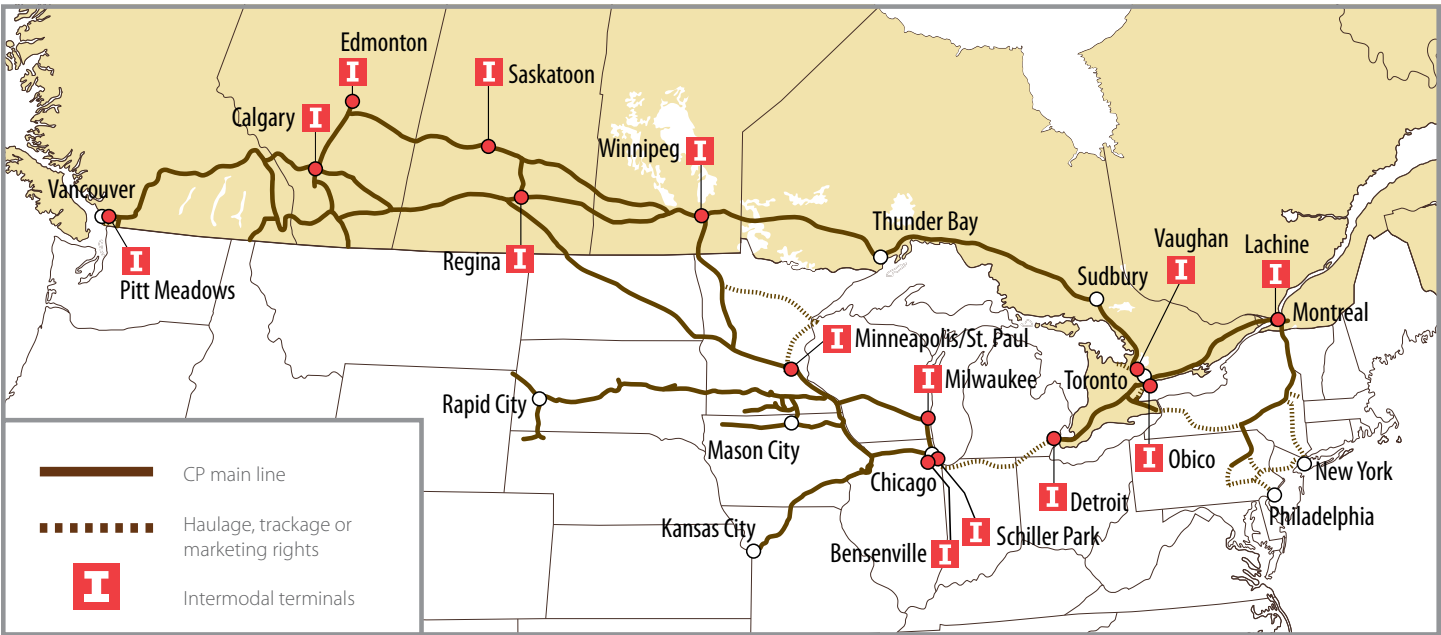
At Canadian Pacific, our network and innovative transportation solutions drive efficiencies that connect our customers to the world.



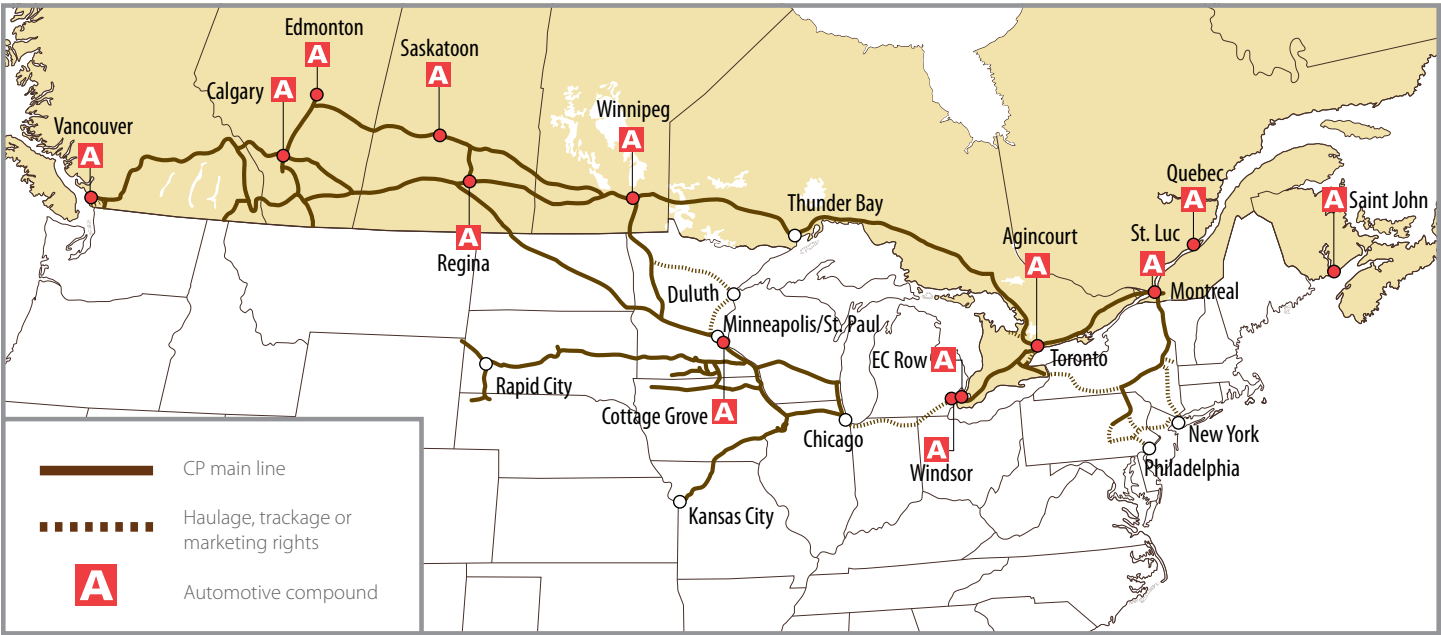
Transload facilities



Intermodal terminals



Automotive compounds





When your logistics needs are complex
our team can help you find a solution.

Detailed transportation service menu

CP's detailed transportation service menu

Your logistics needs are complex and you need a service provider that can meet them. Our service menu provides the flexibility you need to get the materials you need and get your product to your customer. These direct services are designed to let you choose the level of service you need and help you select the most cost efficient solution.

It's as easy as 1, 2, 3. Selecting the type of service you would like where you're shipping from, at origin, and where you're shipping to, at destination. This guide will help you through each step in the process.

STEP 1 Select your origin service

STEP 2 Rail Transit

STEP 3 Select your destination service

Door direct service

CP's extended reach means we can provide door direct service to facilities with road access only. This truck-like service combined with the cost efficiencies of rail is a powerful cost-saving solution.

Intermodal - Transload



Terminal direct service

CP's extensive network of terminals provide the road to rail transfer services you need, saving money by using rail transportation when you will be taking care of the final truck pick-up and delivery.

Intermodal - Transload - Automotive



Rail direct service

CP's network of rails, in concert with our partners, stretches across North America. When you have rail to your doorstep, this service will be your most cost effective option.

Railcars - 3rd Party Terminals





Door direct service

Selection of your service type is made when you're getting set-up to ship, and your account manager can assist you in selecting the most appropriate service to meet your needs. Should you wish to set-up new or additional service please contact your account manager.

For details on how to order and tender or receive shipments under Door Direct Service, please see page 16.

✓ = Included ✗ = Not available ● = Optional service for additional fee	Intermodal	Transload
Live delivery & pick-up of the shipment/equipment	✓	✓
Use of standard container and chassis for live (un)load	✓	✗
Use of standard flatbed or trailer type for your commodity	✗	✓
Direct shipment transfer from truck/chassis to railcar	✓	✓

Intermodal service is available for CP Intermodal containers and as otherwise arranged while getting set-up to ship, subject to your responsibilities for safety as outlined on page 15.

Transload service is available for shipments arranged through CP's Transload Services team after getting set-up to ship, subject to your responsibilities for safety as outlined on page 15.

Live delivery & pick-up of the shipment/equipment refers to delivery to your facility, the driver waiting for up to one hour while (un)loading is completed. Unless your quote specifies otherwise, Intermodal shipments include one delivery per container, and Transload shipments include three deliveries per railcar. Transload shipments include two trucks per railcar, with one pick-up or delivery each.

Use of standard container and chassis for live (un)load refers to use of a standard container and tandem or tridem chassis provided by CP.

Use of applicable trailer type for your commodity refers to the appropriate trailer type for your commodity, as per your quote.

Direct shipment transfer between trailer/chassis and railcar means transferring the Intermodal container or transload shipment directly between the trailer or chassis and the railcar. Containers and transload shipments will be safely secured to the railcar for origin service, and to the trailer or chassis for destination service.



Terminal direct service

Selection of your service type is made when you're setting up to ship, and your account manager can assist you in selecting the most appropriate service to meet your needs. Should you wish to set-up new or additional service please contact your account manager.

For details on how to order and tender or receive shipments under Terminal Direct Service, please see page 20.

✓ = Included ✗ = Not Available ● = Optional Service For Additional Fee	Intermodal	Transload	Automotive
One in-gate or out-gate at the terminal, per trailer/chassis	✓	✓	✓
Direct shipment transfer between trailer/chassis and railcar	✓	✓	✗
Load & secure vehicles, or unload vehicles	✗	✗	✓

Intermodal service is available for Intermodal containers meeting AAR or ISO standards containers, subject to your responsibilities for safety as outlined on page 15.

Transload service is available for shipments arranged through CP's Transload Services team after setting up to ship, subject to your responsibilities for safety as outlined on page 15.

Automotive service is available to manufacturing and forwarding companies who have made prior arrangements with CP, to move motor vehicles, trucks, and select machinery on wheels.

One in-gate or out-gate at the terminal, per trailer/chassis refers to entering the CP terminal, picking-up or dropping-off, and leaving the terminal. One gate access is standard, your quote may specify additional gate access when multiple trailer loads or vehicles are transferred to a single railcar.

Direct shipment transfer between trailer/chassis and railcar means transferring the Intermodal container or transload shipment directly between the trailer or chassis and the railcar. Containers and transload shipments will be safely secured to the railcar at origin.

Load & secure to, or unload from the railcar means movement of vehicles on to the railcar and securing within the railcar, or movement of vehicles off of the railcar for pick-up.

Rail direct service

CP will automatically deliver available cars to your facility on your next planned switch. Similarly, CP will automatically pickup cars released, with proper billing, from your facility on your next planned switch. Specific switching requests for the delivery and pickup of cars can be accommodated, for a fee, by submitting your instructions to Customer Services in advance. Please contact your account manager for cut-off times for specific switching requests.

Standing instructions are encouraged to eliminate submission of daily instructions and can be sent to Customer Services (i.e. spot 5 cars per day on track 2).

 = Included  = Optional Service For Additional Fee (See Tariff 2 for more)	Rail Direct
Movement to/from your facility	
Placement of car	
Pick up of released car	
Standing instructions	
Specific switching requests	
Move unreleased cars to execute or placement or pick up	
Move cars after placement	

Rail Direct service will have cars delivered automatically to your facility on your next planned switch.

Released cars applies to cars ready for transport with an empty release or full shipping instructions for movement.

Unreleased cars refers to cars not immediately planned for movement in or out of the facility. Charges for moving unreleased cars are detailed in Tariff 2

Standing instructions refers to the ability to submit consistent daily instructions once to Customer Services.

Specific Switching Requests refers to the ability to submit specific requests whether it be requesting a specific car ID or a specific car type. Charges for the specific switching requests are detailed in Tariff 2.

Move unreleased cars to execute placement or pickup refers to having to move a car that does not have valid shipping instructions in order to access a car with valid shipping instructions. Charges for this movement are detailed in Tariff 2.

Move cars after placement refers to switching a car to another point within your facility at your request after it has been placed. Charges for this request are detailed in Tariff 2. When a car is placed as a load and then requires switching within the facility to permit reloading, this is considered to be the empty placement so long as CP is the line-haul carrier on the subsequent load.

Let's get started: Getting set-up to ship



Canadian Pacific is pleased to offer our customers a comprehensive suite of tools for doing business electronically with the railway.

Our highly experienced and knowledgeable eChannel Services Team can help you choose the best suite of tools for your company.

Getting set-up to ship

Online tools & EDI

CP's online customer tools provide instant access to the information you need to manage your shipments including ordering railcars, sending electronic shipping instructions via EDI or other electronic methods, tracking your cars, and more. Go to www.cpr.ca and register today to get started!

Our e-channel services team can assist: 1-888-333-8111 or email us at eB_Support@cpr.ca

Credit

Your company must secure credit with our Credit Department. Obtaining credit, maintaining your account in good standing, and ensuring your continued credit worthiness is critical to ensuring your shipments are not delayed, as without credit each shipment must be paid for in cash before it is shipped. Please remember that credit is issued and can be cancelled at any time, at the sole discretion of CP.

Please apply for credit online, or you may call our toll free number 1-800-463-3280 to speak to a representative for any questions regarding your credit status. Your company's financial reports will likely be required, and updates of these will likely be required from time to time if they are not publicly available. Any changes to your company name or ownership must be disclosed by notifying CP in writing immediately. Full details on CP's payment and credit terms are available for review on page 36.

Your quote

Before you move your goods, you will need to select the specific service you require. CP has been serving our customers since 1881 so we have the experience and expertise to provide many cost-effective transportation services designed to suit all your shipping needs.

If you do not already have an account manager, you can request a quote online at www.cpr.ca, or contact a CP account manager by phone at using the appropriate phone number in the contacts section on page 35.

At this point, you will be discussing some of the details of your shipment, such as:

- Selecting your origin and destination service plans
- Industry specific or special product offerings
- Origin, destination, border crossings
- Commodity, equipment type, min & max volume
- What the local rail service or terminal schedule is
- Tariff(s) relevant to your shipment
- Fuel surcharge (Tariff 9700, or 9900 for Intermodal)
- Environmental and other government imposed fees
- Pick-up and, or, delivery details for door direct service
- Subscription to service bulletins and tariff updates
- Details about your quote

What's included

Your quote will include basic transportation to move your shipment to the intended destination based upon your selection of service type. We encourage all of our customers to do business with CP in the safest and most fluid way possible so as to avoid supplemental service fees. Unless services are specifically included in your quote, they are supplemental services which may be available for an additional fee. This document reviews what is included in your quote on CP, tips to avoid extra charges and who to call for help at each step along the way. For more detail on these supplemental services, please visit our website and review the applicable tariffs here: Basic Freight. While your shipment is with another carrier, the tariffs of that carrier will apply, so please ensure you have reviewed them prior to shipping. Please review this information with the other parties to your shipment so they may also be aware and understand what services are included in the quote. This will help you and your customer avoid unnecessary surprises, ensuring both you and your customer or business partner avoid additional charges. Please contact us if you require assistance.



Safety starts with you

Your responsibility

We strive to be the safest railway in North America and safety starts with you. It is important to remember that you are responsible to ensure your shipment is loaded safely, meeting any and all requirements. You are liable for any and all consequences of a shipment that is not loaded properly including but not limited to damage, theft, injury, or fatalities.

The following list summarizes your responsibilities to ensure the safety of your employees, your shipment, as well as CP's employees and the communities through which your shipment will travel:

- Stay up to date and abide by regulations, laws, and requirements in effect for the areas your shipment will travel through, especially those specific to the commodity you're shipping
- Aware of and adhere to restrictions in effect, such as restrictions in Tariff 8 and Intermodal Safety Standards and Restricted Commodities.
- Follow CP Standard Operating Procedures (SOPs)
- Ensure you have permits and pre-authorization from CP for any shipment exceeding standard equipment dimensions or restrictions
- Always inspect equipment before loading your product to ensure it is acceptable and free from defects that may effect your load
- Ensure the shipment's weight remains within the equipment load limit and is evenly distributed
- Block and brace your shipment to prevent shifting both lengthwise and laterally
- Ensure the product is contained entirely within the equipment
- Securely close all gates, doors, hatches, etc
- Ensure that an ISO 17712 seal is applied at all times when moving including containers being picked-up or dropped off in more than one location
- Ensure the exterior of the equipment is clear of debris, product, or other accumulation
- Ensure tank-type equipment meets IMO, AAR and Transport Canada's "TC Impact Approved" standards
- Ensure temperature controlled or heated shipments are loaded to allow for proper air flow, and product pre-warmed/cooled to the set-temperature before loading
- Always wear personal protective equipment when working near railway facilities, tracks, or equipment

How we can help you

While it is your responsibility to ensure that your shipment is properly loaded, and your facility is safe for both our employees and your own, we have a dedicated team that is ready to help you ensure your car is transported safely and your facility meets CP's high safety standards.

CP's Customer Safety Handbook is an excellent resource to help you ensure you're working safely. Please visit us at www.cpr.ca and start using it today.

For assistance with developing a safe load plan, and planning for safe movement of your shipment, please contact our Damage Prevention Team.

Damage Prevention Team

Tel 1-877-277-3732

Fax 1-877-685-3555

e-mail dpcs_sop@cpr.ca



Door direct service

When we're coming to your door, this service is a powerful combination with the flexibility of truck and the cost efficiencies of rail over long distances.

Placing your order

After getting set-up to ship with your CP account manager, you will need to place an order for the empty equipment.

We know you understand the value of planning ahead and the need for consistent and reliable transportation service. That's why we ask all our customers to order empty equipment in advance and coordinate timing of your shipment so that the receiver will be able to take it in as soon as it arrives. The earlier you place your order, the more effectively we can fulfill your request and the more cost-effective our service is for you.

CP will provide empty equipment that is suitable for you to load, however during periods of high demand or network interruptions, we may not be able to supply all of the equipment you requested on the requested date.

By ordering service from CP you are agreeing to and accepting the terms and conditions published in CP's tariffs in effect at the time you place your order.

Need help?

Should you require assistance placing your order or managing your shipment, our Customer Service Team can be reached at 1-888-333-8111.

Our Central Operations Group ("COG") for Intermodal appointment and dispatch services can be reached at 1-866-721-2771.



Do you need a CP intermodal container?

Order online with Intermodal tools.

By visiting our website www.cpr.ca and placing your order online, also referred to as a “load tender” by the cut-off time the day before you would like to receive the empty container, we will do our best to fulfill your order. Please contact your account manager or customer service representative for cut-off time. The time you indicate on your order will be the appointment time unless we contact you to make alternate arrangements. Please remember that more than three pick-ups or deliveries per shipment may not be available.

CP has an extensive fleet of containers to meet your shipping needs. For more information to help you decide please speak with your account manager.

If you are ordering a temperature controlled container, please be sure to indicate the desired temperature setting on your order so that the unit can be properly prepared.

If you are ordering a heated container to protect your shipment from freezing, please indicate your preference for a heated container on your order.

Do you need CP transload services?

Order with the transload services manager.

Ordering CP Transload Services is as easy as contacting your regional Transload Services Manager who will help you set-up your move, review important details of your shipment, and key contacts.

At origin

When you’re shipping using CP Transload Services, please place your order two weeks in advance of your desired shipping date. Please coordinate the local pick-up and shipping instructions with the transload facility to ensure they are in place. Details on sending shipping instructions are on page 29.

At destination

For CP Transload Services at destination, you will be contacted by the transload facility to schedule product delivery. Close communication between shipper, receiver, and transload facilities helps to make sure your order is processed efficiently and that additional fees while a shipment waits to be transferred and delivered are avoided.



Inbound equipment/shipment

Your quote includes making the appointment once, use of a railway container or space in our terminal until the first time offered for delivery (earliest appointment offered) and one movement to and from your facility for "live" (un)loading. Specific services included in your quote are listed in the section of the Detailed Transportation Service Menu on page 9. You are responsible for making sure that the delivery area is safe and ready to receive the equipment.

Empty equipment will be delivered at the time arranged when you placed your order.

Loaded equipment will need you to make an appointment as soon as possible so that we can deliver it to you.

If you need to change your appointment before the equipment or shipment has been dispatched, please contact our Intermodal COG team, or the transload facility.

Intermodal

CP's online tools at www.cpr.ca will indicate which shipments require appointments and help you make them quickly and easily. For assistance with our online tools, please call 1-888-333-8111.

Transload

The transload facility will contact you to arrange the appointment(s) for delivery of your shipment. For assistance, please contact the transload facility directly.

Load or unload it safely

Once equipment has arrived, use for up to one hour is included for "live" loading or unloading. If you have chosen a drop and additional pick-up at a later time for an additional fee, one day is included. Please remember that shipments outside of local limits are on a live load or unload basis only.

Loading

Loading is a critical component of a safe and damage-free shipment so be sure your responsibilities as outlined on page 17 have been fulfilled. If you aren't sure how to do it right or you need help, please contact our Damage Prevention Team at 1-877-277-3732.

CP's fleet is routinely inspected to ensure equipment quality, however a pre-loading safety check is always best-practice. Checking to ensure the equipment is clean and in good order is critical to a safe trip. If the equipment provided is not clean and ready to load please contact our Intermodal COG team or the transload facility, so that we can arrange replacement equipment as soon as possible. You may choose to load equipment that is not clean, however your receiver will still need to return the equipment clean when releasing it empty.

Please remember that temperature controlled equipment is designed to maintain a temperature, so temperature sensitive shipments must be pre-warmed/chilled/frozen before they are loaded. It is your responsibility to ensure that the set-temperature is correct before releasing the shipment for movement. A heated container will keep your shipment from freezing.

Unloading

When unloading equipment, it is your responsibility to ensure that it is completely unloaded, clean, clear of all debris or placards, doors or hatches closed, and that any devices associated with equipment like straps, etc have been replaced, such that it is ready for the next customer to use.



Release equipment/shipments

Once loading or unloading is complete, your authorized representative will need to sign for the release which will include various details such as the arrival and departure time as well as confirmation of receipt of the equipment/shipment. A "Proof of Delivery" for Intermodal containers will be available via our online tools.

If the equipment/shipment was dropped off to be picked-up later please notify our Central Operations Group for containers in Canada, or notify the terminal directly for Transload shipments or containers in the US. When notifying, simply advise that the equipment or shipment is ready to go, including the load number, and any restrictions for picking it up.

If the equipment was dropped off, it is your responsibility to make sure it has been cleared of snow or debris and ready for highway travel before the driver arrives to pick it up.

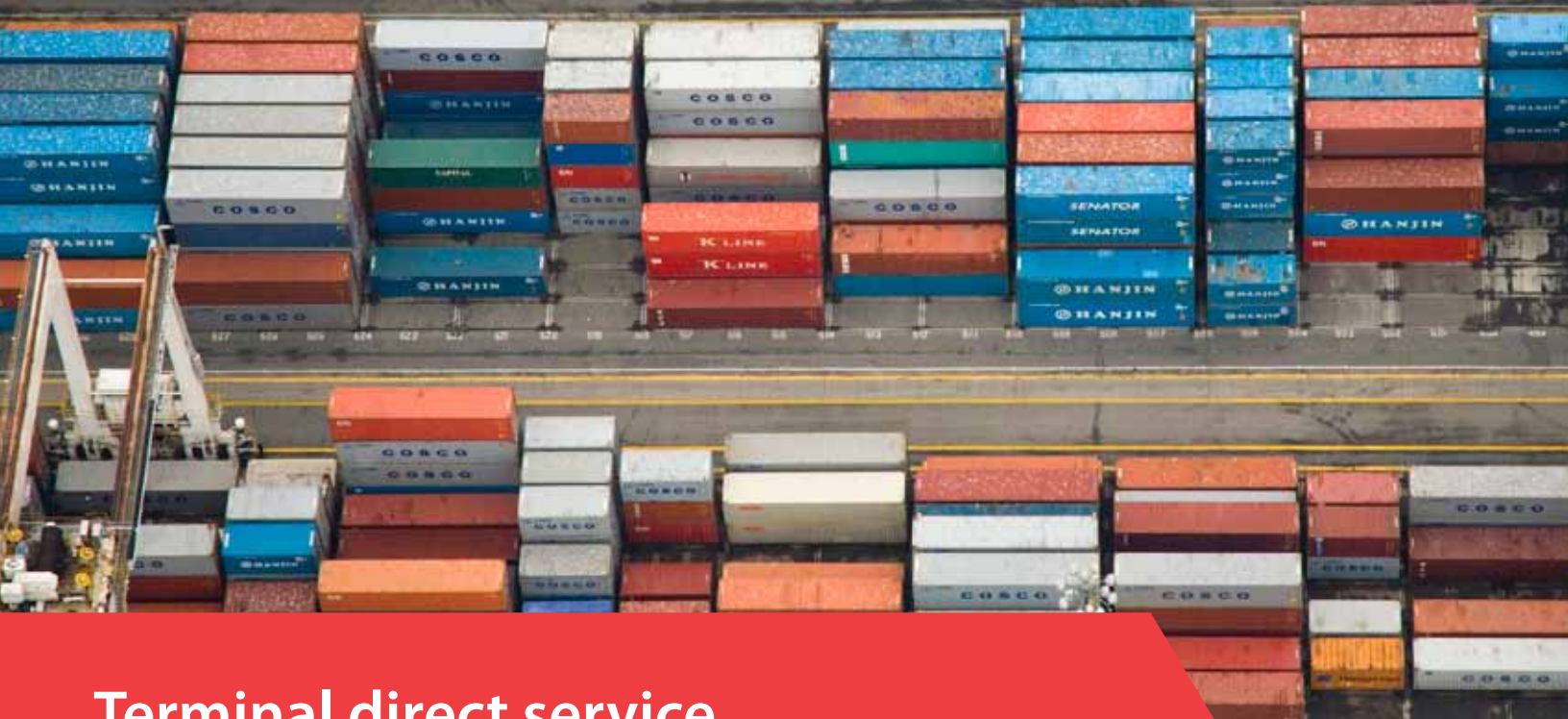
Shipment on the way

CP will move your shipment to the destination including the services outlined in your quote, which will include those listed the Detailed Transportation Service Menu for on page 9, and the "Shipment On The Way: Rail Transit" on page 31.

Common door direct supplemental services

The following are examples of supplemental services you may choose to request, and penalties you are encouraged to avoid. For more details, including fees, please see Tariff 3 for Containers, Tariff 4 for Transload, or speak with your Account manager.

- Extended use of CP's terminal space or equipment, such as a shipment that is waiting beyond the first appointment offered
- Cancelling an order for service after it has been dispatched or made available for loading
- Changes or corrections to the original shipping instructions or order
- Manual requests for documentation that has already been provided or that can be accessed via our website
- Manual submission of orders or shipping instructions
- Materials for blocking & bracing
- A shipment or equipment that was unsafe or not properly loaded, plus additional fees for taking care of the issue
- Assistance or additional labour to load or unload
- Additional time to load or unload beyond that included in your quote
- Additional time while the driver is waiting for you
- Additional pick-ups or drop-offs
- A pick-up or drop-off that was planned and could not be completed for reasons outside CP's control will require an additional pick-up or drop-off
- Any tickets, tolls, towing or other similar fees that are generally attributable to your actions or inactions
- Returning equipment not fit for the next customer to load, or returning it to the wrong terminal
- Unauthorized use of CP's assets
- A shipment that CP cannot continue moving
- Specialized reporting beyond the tools available online or provided automatically



Terminal direct service

Let our terminals or “ramps” do the heavy lifting to get your shipment on the rails and on its way.

Key information for terminal direct service for intermodal, transload or automotive shipments.

Placing your order

We know you understand the value of planning ahead and the need for consistent and reliable transportation service. That's why we ask all our customers to make sure CP has prior notice in the form of shipping instructions for all inbound shipments and a booking for any planned pick-ups of your equipment that is currently in one of our facilities. Please coordinate the timing of your shipment so that the receiver will be able to take it in as soon as it arrives.

The earlier you provide your prior notice and the more timely your arrival, the more effectively we can fulfill your request and the more cost-effective our service is for you.

When tendering shipments, CP will make sure your order is fulfilled and on its way as soon as possible, however during periods of high demand or network interruptions, we may not be able to do so on the same day your shipment is tendered.

CP has an extensive network of Intermodal, Transload, and Automotive terminals. Just visit our website www.cpr.ca to find the facility closest to you and your customer.

By ordering service from CP you are agreeing to and accepting the terms and conditions published in CP's tariffs in effect at the time you place your order.

Safe loading is critical

Please remember that loading a shipment is a critical component of a safe and damage-free shipment so be sure your responsibilities as outlined on page 15 have been fulfilled. If you aren't sure how to do it right or you need help, please contact our Damage Prevention Team at 1-877-277-3732.

Send shipping instructions

Before tendering the shipment to CP, please ensure shipping instructions are in place for CP to receive and process the shipment efficiently. Details on sending shipping instructions are on page 29.

Entering the terminal

CP has an extensive network of Intermodal, Transload, and Automotive terminals. Just visit our website www.cpr.ca to find the facility closest to you and your customer, as well as the terminal hours of operation.

Please remember that personal safety equipment including boots, hard hat, safety glasses, and high-visibility vest are required for everyone in a CP facility.

Exiting the terminal

It is your responsibility to ensure the equipment and/or shipment is safe for road travel before you leave the terminal. Safety and regulatory requirements vary by area and it is the driver's responsibility to ensure that the equipment and/or shipment meets those requirements.

Shipment on the way

CP will move your shipment to the destination including the services outlined in your quote, which will include those listed on the detailed transportation service menu for "Terminal direct service" on page 11, and the "Shipment on the way: Rail transit" on page 31.

Common terminal direct

Supplemental services

The following are examples of supplemental services you may choose to request, and penalties you are encouraged to avoid. For more details, including fees, please see Tariff 3 for Containers, Tariff 4 for Transload, Tariff 9 for Automotive, or speak with your Account manager. For Rez1 shipments, the Rez1 rules apply as outlined at www.rez1.com.

- Extended use of CP's terminal space or equipment, such as a shipment that is waiting to be picked-up or was tendered and is not completely ready to begin moving
- Changes or corrections to the original shipping instructions or order
- Cancelling an order for service or not arriving before the cut-off after the order has been confirmed
- Manual requests for documentation that has already been provided or that can be accessed via our website
- Manual submission of orders or shipping instructions
- Materials for blocking & bracing
- Pick-up or delivery of the shipment may not be available for terminal direct service
- A shipment or equipment that was unsafe or not properly loaded, plus additional fees for taking care of the issue
- Unauthorized use of CP's assets
- A shipment that CP cannot continue moving
- Additional in-gates or out-gates
- Extra lifts or "flips" of containers
- Power and inspections for marine PPS shipments while waiting to be loaded or picked up
- Specialized reporting beyond the tools available online or provided automatically

Please refer to pages 22, 23 and 25 for more specific shipping guidelines for intermodal, transload or automotive shipments.





Intermodal

Please refer to pages 20 and 21 for more key information for intermodal shipments.

Ordering intermodal service

Using CP's intermodal terminals

Please ensure your shipping instructions are in place before your container arrives at the terminal.

CP will provide rail direct service to a 3rd party marine port or terminal when arranged via the ocean carrier. Any additional fees from a 3rd party marine port or terminal may be passed-through to the ocean carrier. Please see the Import and Export shipments sections on this page.

EMP, marine, or other private containers

You may have your own containers, be working with Rez1 for the EMP fleet, or be working with an ocean carrier to use their fleet. Rez1 containers are subject to the Rez1 usage rules as published on Rez1's website www.rez1.com (1-617-928-5008).

To ensure safety, only containers meeting AAR or ISO standards are authorized. Containers with underliners must be suitable to handle CP's service design. Private equipment moves under billable party risk unless involved in a carrier caused accident.

If the empty container is already in one of CP's terminals, you will need to make sure a booking is made in our system before your driver arrives at the terminal so that your driver can pick it up. It is the driver's responsibility to inspect the container before leaving the terminal to ensure the container is free of damage.

Import shipments via 3rd party terminals or ports

Please ensure you have provided your vessel forecast including TEUs to each destination in advance of the vessel arrival using the online tool at cpr.ca, or pre-arranged process. Please remember that daily scheduled train capacity is often less than containers discharged from a vessel, thus import volumes will be spread over multiple trains.

Full shipping instructions must be in place for every container before they are loaded to a railcar by the port.

Export shipments via 3rd party terminals or ports

If the container is for a non-DEM scheduled port, it will be accepted with full shipping instructions. For those Ports being managed by CP's Dynamic Export Management (DEM) System, there will be scheduled cut-offs and acceptance dates to tender a shipment at a CP terminal for export via a specific vessel. Please ensure the ocean carrier has placed the order for service by sending your shipping instruction including the appropriate vessels name and voyage using the online tools at www.cpr.ca. Only containers with shipping instructions in CP's system showing for a vessel per DEM Schedule will be loaded to rail.

Ordering marine perishable protective service

Ocean carriers may order CP's powered perishable protective service for temperature controlled marine containers. Ocean carriers must place their orders with our Perishable Service Coordinator following the reservation process detailed on our website cpr.ca.

Entering intermodal terminals

CP's intermodal terminals

Before a truck can enter a CP Intermodal terminal, the company must register with CP, and each driver must register at each terminal, at which time the driver will be issued a registration number and personal identification number.

Please contact 1-905-803-3222 for details.

US terminals will accept a current Uniform Intermodal Interchange Agreement (UIIA) issued by the Intermodal Association of North America (IANA), please visit www.uiia.org or call 1-301-474-8700 for more details.

Each driver must supply their own chassis when picking-up or dropping-off a container, unless your quote provides for one. Interchanges are only authorized with other rail carriers.

Tendering a container for movement

On arrival at the gate, the driver for a shipment with proper shipping instructions in place will be directed to a specific area of the terminal by the gate staff. Lift service directly between chassis and railcar is included.

Export shipments for movement to a 3rd party terminal or port may be tendered within the acceptance window for the intended vessel according to our Dynamic Export Management (DEM) schedule, which is available at www.cpr.ca.

Temperature controlled or heated shipments under their own power (where PPS service has not been ordered and confirmed), are at your own risk and must be equipped with sufficient means to reach their intended destination without assistance.

With a confirmed order, shipments under Marine Perishable Protective Service may be tendered when running within acceptable temperature ranges of the set-temperature. Power while on the train is included.

Please remember that when tendering a 20' long container, it must be tendered with another 20' container to fit in a standard railcar designed for a 40' or 53' container before it will be loaded.

Picking-up a container

On arrival at the gate, with proper authorization, the driver will be directed to a specific area of the terminal by the gate staff. Any accrued storage is due before pick-up.

For loaded import marine shipments, the truck driver will need the pick-up number before being permitted in to the terminal to pick-up the shipment. Ocean Carriers can securely view and update the pick-up numbers for their shipments using our online tools at www.cpr.ca. Drivers must reconcile seal identification before out-gate departure.

Returning empty pooled containers

On arrival at the gate to the empty storage area, non-specialty equipment in good repair will be accepted so long as an empty storage pool agreement has been set up, the container number is already recognized in CP's system, and it is done so in accordance with the gate rules of the specific terminal. Only equipment owners may arrange for storage agreements.



Transload

Please refer to pages 20 and 21 for more key information for transload shipments.

Ordering CP transload services

Ordering CP Transload Services is as easy as contacting your regional Transload Services Manager who will help you set-up your move, review important details of your shipment, and key contacts. Please remember that an appointment is required for transload services.

Transload service at origin

When you're shipping using CP Transload Services, please place your order two weeks in advance of your desired shipping date. Please coordinate the delivery and transfer appointment and shipping instructions with the transload facility to ensure they are in place. Details on sending shipping instructions are on page 29.

Transload service at destination

For CP Transload Services at destination, you will be contacted by the transload facility to schedule your transfer and pick-up appointment. Close communication between shipper, receiver, and transload facilities helps to make sure your order is processed efficiently and that additional fees while a shipment waits to be transferred and delivered are avoided.

Entering transload facilities

CP's transload facilities

Specific arrangements and appointments will have been made when you placed your order with the facility directly. Please contact the transload facility directly to coordinate loading and unloading with your drop-off or pick-up appointment. Securing your shipment to your trailer is your responsibility.

Before tendering the shipment to CP, please ensure shipping instructions are in place for CP to pick-up and process the shipment efficiently. Please coordinate the shipping instructions with the transload facility to ensure they are in place. Details on sending shipping instructions are on page 29.

Automotive

Please refer to pages 20 and 21 for more key information for automotive shipments.

Ordering automotive services

A forwarding or manufacturing company that has made prior arrangements with CP for service may order transportation service. Please place your order seven days in advance by tendering the number of vehicles for movement by destination, or subject to your agreement with CP. Orders will be filled subject to equipment and service availability.

Entering automotive compounds

CP's automotive compounds

Vehicles will only be accepted at the gate after placing your order. 24 hours notice must be provided for vehicles to be staged for pick-up. Once a vehicle has been staged, the driver picking-up the vehicle must present full documentation showing authorization required before release.

Need help?

Should you require assistance placing your order or managing your shipment, our Customer Service Team can be reached at: 1-888-333-8111.

For customs releases and re-manifests, storage guarantees or payment, or pick-up or delivery for ocean carrier import or export shipments, contact: international_COG@cpr.ca.



Rail direct service

When you have rail to your doorstep...

Placing your order

Once getting set-up to ship, you will need to place an order for the empty equipment. We have an extensive fleet of cars to fulfil your shipping requirements. For customers shipping in single or small blocks of cars we offer DELTA, an online system for ordering your car. This system can be accessed at our website www.cpr.ca through MyCPR and is described briefly below. For customers shipping large blocks of cars, unit-trains, or select commodities, a separate specialized system for ordering equipment has been developed to serve your industry. Your Account manager will be able to assist with selecting the most effective tool when you get set-up to ship.

We know you understand the value of planning ahead and the need for consistent and reliable transportation service. That's why we ask all our customers to order empty equipment in advance. The earlier you place your order, the more effectively we can fulfill your request and the more cost-effective our service is for you.

Please coordinate the timing of your shipment so that the receiver will be able to take it in as soon as it arrives, and if shipping to a terminal place your order with them before shipping.

CP will provide empty equipment that is suitable for loading, however during periods of high demand or network interruptions, we may not be able to supply all of the equipment you requested.

By ordering service from CP you are agreeing to and accepting the terms and conditions published in CP's tariffs in effect at the time you place your order.



Do you need a railcar? Order online with DELTA

We ask all our customers to order cars three weeks in advance. You may order cars for the next three weeks. During the next two weeks you may make changes to your car order.

Within seven days of your ordered date changes are only available for an additional fee. Cars not used within five days will be reassigned and subject to fee(s) for being ordered and not used.

Do you have your own railcar? Send shipping instructions

You are in control of your rail cars and you need to help us move them to where you need them.

If you are bringing your private car on to the CP network for the first time, you will need prior-approval. Please contact OT5_Applications@cpr.ca for details. Please note that CP reserves the right to supply our own equipment.

It is important to remember an empty car requires shipment instructions in much the same way a loaded car does to get it where you need it next. Once shipment instructions have been received, the empty car will move just as a loaded car moves with all of the same services included. Private empty cars not used within five days, will be subject to fee(s), and may be moved to a short-term holding area.

Do you need a whole train? Order with CP's train planner

We ask all our customers to order unit train service two weeks in advance. Please specify the date you would like to load the train, the origin, destination, and commodity. Loading time window will be confirmed in advance, and changes within this window are subject to fee(s) for being ordered and not used or to change fees.

Having trouble?

Should you require assistance placing your order or managing your own railcars, our Customer Service Team can be reached at 1-888-333-8111.



Local rail service

Local rail service is the pick-up and delivery segments of transportation from CP's closest main rail yard and a rail served customer facility.

While you get set-up to ship, your Account manager can assist you with identifying any time of day restrictions for servicing your facility. One movement to your facility and back to the rail yard is included in your quote.

CP operates 24 hours a day and 7 days a week, and the local service schedule for your area will outline what days of the week and what time of day your facility is serviced. To provide you with the most consistent and reliable service in the most cost-effective way we regularly review our local service schedules to optimize the flow of local traffic based on the local volumes and operating factors. Please remember that the local schedule is subject to change.

As a shipper or receiver of railcars you have direct impact on our ability to deliver consistent and reliable service based upon the fluidity of processing railcars. Your quote includes the assigned empty railcar or the loaded railcar until the first opportunity we have to place it at your facility. If a car could not be placed for reasons beyond our control or because it has not been requested, CP will provide notification when the base time in your quote has expired, and remind you that additional charges are applicable as outlined in the Asset Use section of Tariff 2 for railcars or Tariff 5 for unit trains.

It is very important that shippers and receivers coordinate rail shipments to avoid surplus railcars in our yards. Cars dwelling longer than 120 hours at destination (controlling/serving yard) may be moved to a short term holding area and additional fees will apply. These rules are in place to ensure that these excess cars do not impede service to other customers by getting in the way of the normal switching and processing of their shipments.

There may be specific regulatory requirements for security or safety sensitive shipments. It is your responsibility to understand and follow them. CP's Tariff 8 for Hazardous Commodities contains specific information relevant to such shipments.

Should you require assistance resolving a problem, please contact the Customer Service Team at 1-888-333-8111.

When another railway provides the local service

When the final pick-up or delivery is being performed by another railway, the services the other railway provides may differ. Please coordinate the local rail service with the other railway, making sure to submit your shipping instructions to CP.

Import or export containers at 3rd party terminals

When a 3rd party port or terminal is performing loading or unloading of containers, the loading pattern of containers per destination by railcar must be coordinated with CP shipment planning personnel and the ocean carrier. Once loaded, the listing of which containers are on which cars must be forwarded to CP electronically before they are picked-up. Any additional charges levied by a 3rd party will be passed through to the payer of freight or ocean carrier.



Receiving inbound railcars

Local rail service requests related to car movement must be made through our Customer Service Finance Team. Please call 1-800-704-4000 for cars in Canada, and 1-888-872-8720 in the US. For more detailed contact information, please see page 35. Should your industry have a specialized solution, your Account manager will assist you with the specifics while you're getting set-up to ship.

If a car placed for loading is identified as being defective or otherwise unsuitable for loading please advise CP immediately via the Customer Service Finance (CSF) Team so that we can take steps to repair or otherwise make the car suitable for loading. Should you decide to accept the car as-is, you may be taking on liability for the required repair or cleaning costs. Working together, we will ensure our fleets of cars are in working order and ready when you order them.

Placement of the car at your facility

Based upon your selection of local service type, cars will be moved to your facility and placed in an available position on your track without re-adjusting other unreleased cars already at your facility.

If you have selected closed gate, cars will wait until you request they be moved into your facility. Requests for car movement must be sent electronically or faxed to CP's Customer Service Finance Team prior to the cut-off for your scheduled service. For details on your cut-off and what must be included on the request, please contact the CSF using the email addresses and fax numbers listed in the contact section on page 35.

Load or unload the car

You control the loading and unloading schedule at your facility and if you choose not return a railway car promptly, extra time to unload the car is available for a fee.

Loading a railcar is a critical component of a safe and damage-free shipment so be sure your responsibilities as outlined on page 15 have been fulfilled. If you aren't sure how to do it right or you need help, please contact our Damage Prevention Team at 1-877-277-3732.

When you are loading multiple cars to the same destination, please ensure the cars are grouped together on the same track to reduce the amount of switching required.

Unloading a railcar is critical to making sure equipment is available for the next customer. To avoid additional fees, please return a clean car, completely unloaded and ready for the next customer, while ensuring that any doors, hatches, gates, etc are closed and secured and any associated devices are replaced in the car from which they came. This helps ensure quick, efficient turnaround times for the cars. Should you wish to return the packaging material or dunnage to the shipper, please speak with your account manager to obtain a quote for return service.

Please remember that re-loading a car without written authorization from CP is not permitted and that because of the high cost and limited supply of both railcars and railway tracks, your quote includes the use of the loaded railcar until the first opportunity to place it at your facility.



Send shipping instructions

Just like sending a courier package, a car needs a destination. For a loaded railcar, a revenue empty railcar, or a car containing hazardous residue, a Bill of Lading is required by law. Full shipping instructions entails providing full and accurate Bill of Lading instructions prior to or at the time the shipment is tendered or released to CP. See Send Shipping Instructions on page 29 for more detail.

Receipt of complete and accurate shipping instructions triggers pick-up of the car and signals that you have finished loading, or finished unloading your private car. Once instructions have been received the Asset-Use or demurrage “clock” stops for railway cars. Please take care to ensure that the correct instructions are submitted the first time as only execution of the original instructions are included in your quote.

If you need to make a change, additional fees apply. Please contact the Customer Service Team at 1-888-333-8111.

Empty private car or hazardous residue

Send shipping instructions for your empty private car to trigger automatic pick-up of the car. See Send Shipping Instructions on page 29 for more detail. Please note that failure to submit shipping instructions will result in a non-hazardous car being “reverse-routed” or returned to the last shipper.

Release empty railway cars

Once a CP car is empty and ready to be picked-up, please notify the Customer Service Finance Team as soon as possible by fax or email including the car initials and number as this will stop the Asset-Use “clock”. Please see page 35 for details on the contact information for your area.

Pick-up of the car

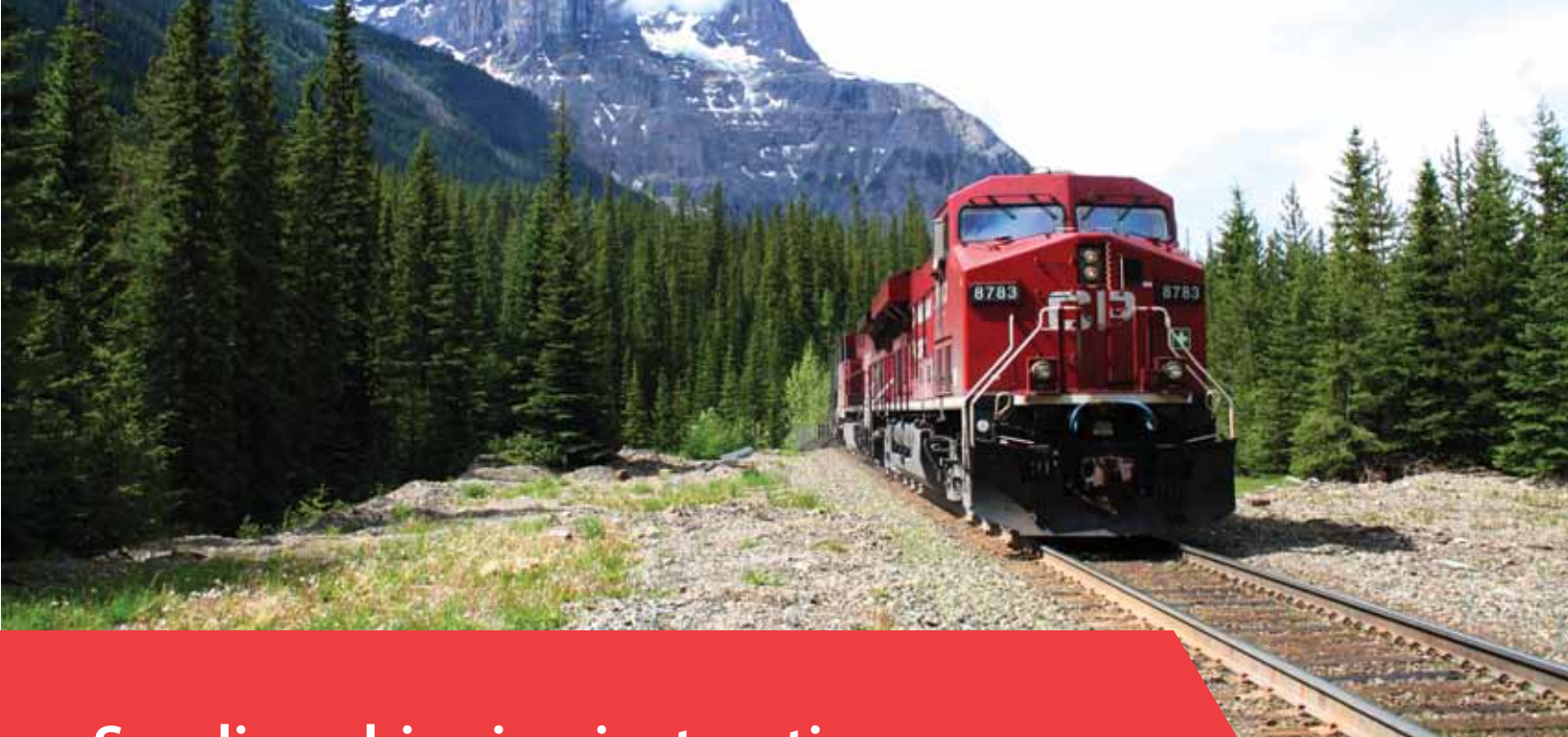
Once complete electronic shipment instructions or empty release of a railway car have been received as described in the previous two sections no further action or release is required, CP will pick-up the car on your next scheduled local service. Instructions must be received before the cut-off, which is a part of your local service schedule. Should you have questions about your local service schedule, please contact the Customer Service Finance Team.



Common rail direct supplemental services

The following are examples of supplemental services you may choose to request, and penalties you are encouraged to avoid. For more details, including fees, please see see Tariff 2 for railcars, Tariff 5 for unit trains, or speak with your Account manager.

- Additional time to use the railcar, e.g. additional time for a railcar waiting for you to request it while it is held on CP tracks beyond the first scheduled opportunity to place it at your facility, or additional time to use a railway car after it has been placed at your facility. See the Asset-Use section of Tariff 2 for details.
- Tendering or releasing a railcar to CP without providing full shipping instructions prior to or at the time the shipment is tendered or released to CP.
- Last minute changes to car orders where CP cannot execute the service as you had requested it, e.g. gates closed at service time, car released as empty that is not yet ready to pick-up at time of your next scheduled service.
- Manual submission of, or changes to Shipping Instructions or documents after submitted.
- Changes to demand within seven days of the requested date:
 - If the empty car is assigned and moving towards your facility you may divert the car away.
 - If the empty car is already placed at your facility you may release the car unused and we will switch the car from your facility back to our yard.
- Ordering a car and not using it
- Unauthorized empty private car arriving on the CP network.
- When cars dwell for longer than 120 hours at destination (controlling/serving yard), CP may move cars to a short term holding area at the customer’s expense. These cars may be requested back from the short term holding area with a minimum of 48 hours notice.
- Cleaning the car, returning a car to CP as an ‘empty’ that is still partially or completely loaded.
- Additional switching beyond that included in your local rail service package, or excessive switching to move or access a specific car, or moving cars out of the way to execute a request.
- Special switch to provide service outside your normal service schedule.
- Turning or weighing of the car.
- CP provided (un)loading of the car.
- Specialized reporting beyond the tools available online or provided automatically.



Sending shipping instructions

Sending them right the first time.

Shipping instructions are required before tendering your shipment

Sending in your shipping instructions, also referred to as a Bill Of Lading (BOL), is a key component of any shipment tendered for transportation and is required by law. Just like the address on a letter, or the commercial invoice for a courier package, we require the shipping instructions for your shipment before you tender it to us for movement.

It is your responsibility to make sure your shipping instructions have been received and processed in CP's system before tendering your shipment, and not more than seven days before.

By sending shipping instructions for a shipment to move on CP you are agreeing to and accepting the terms and conditions published in CP's tariffs in effect at the time you send the shipping instructions.

You have two methods of sending shipping instructions, electronically, or using a CP template signed and faxed. There are a number of electronic options, including our online tools at www.cpr.ca and Electronic Data Interchange (EDI).

Shipping instructions can be complicated, make sure you send them correctly

Our e-Business team is happy to help get you set-up and sending your shipping instructions correctly the first time for no additional fee. Should you decide to send shipping instructions the old fashioned way, manual processing fees apply and only CP's BOL template fully completed and signed will be accepted, which is available on our website www.cpr.ca.

Please remember that shipping instructions can be complicated and it is your responsibility to submit them correctly before tendering your shipment, so if you need help or aren't sure, please contact our e-Business team at 1-888-333-8111.

The following table and notes provide a starting point for you to determine what information you need to include in your shipping instructions, although it is not a comprehensive listing of everything you may require or check list. For example, shipments to or from transload facilities require special designation of the payer of freight and the care-of party, please ask for help if your not sure.

All shipments require this information:	To cross a national border:	To ensure safety when shipping hazardous commodities:
- Equipment details: initial, number, size, type, etc - Payer of freight or "billable party" - Shipper's name and full address - Consignee's name and full address - Any other parties related to the shipment including any delivery information - Origin, destination and route - Load or empty status - Detailed commodity description and STCC (Standard Transportation Commodity Code) for all commodities - All seal numbers affixed to secure equipment - Net weight, weight terms (e.g., kg or tons) - Total # of pieces and package type to the smallest package size - Shipping authority (contract/tariff #)	- Customs broker - Country of origin - Invoice value and currency (if inbound) - Full shipper/exporter name and full address - Full consignee/importer name and full address - ITN, T&E, CCN, and any other required information required. Please consult your customs broker.	- UN number - Class number - Packing group 24-hour telephone number - Emergency response plan # & phone # - Any other information required for your commodity and region(s)

- Shipment instructions information must meet local and national regulatory requirements to be considered complete.
- CP recommends working closely with your customs broker to ensure all customs related requirements are met.
- Please consult with the applicable government departments to ensure compliance to regulations and restrictions.
- Any special notes/instructions etc will not be binding on CP or other carriers.
- Temperature controlled shipments require set-temperature details.
- When a 3rd party terminal loads containers to a railcar for movement by CP, shipping instructions must include the relevant car information and the containers loaded to it, including the position of the containers.

Common shipping instruction supplemental services

The following are examples of supplemental services you may choose to request, and penalties you are encouraged to avoid. For more details, including fees, please see Tariff 2 for railcars or Tariff 3 for Containers or speak with your Account manager.

- Changes to original shipping instructions or documents after submitted
- Manual submission of shipping instructions or instructions that do not process completely automatically

Shipment on the way: Rail transit



Canadian Pacific has been handling rail traffic since 1881 and we are proud to be the safest Class 1 railroad in North America. Rail is the safest, most cost efficient, and most environmentally sensitive land-based method of transportation over long distances.

To stay on top of shipments on their way, use the online tools at www.cpr.ca. These tools are designed to help you plan your unloading accordingly, while more effectively avoiding extra charges. Should you require assistance while the car is in transit, please contact the Customer Service Team at 1-888-333-8111.



Movement of the shipment

We will perform the required switching and processing to move the shipment to its destination based on the original shipping instructions. We will determine the route the shipment takes across our network, and during normal processing the sequence of cars may change. For shipments traveling to or from other railways, you request which other railway(s) and where the interchange(s) will occur. Delivery should be on or about the time frame discussed with your account manager. Please remember that transit times will vary.

Customs

As a bonded carrier CP handles over 800,000 trans-border shipments per year. Over the years we have worked closely with both U.S. and Canadian Customs Agencies to develop seamless electronic integration that facilitates timely customs reporting and the fluid movement of your cross-border shipments. As a partner in your trans-border success we need you to assist us in our efforts to avoid border delay by providing us with full and complete trans-border billing information as well as any other documentary information that your product requires. Your customs broker is also a key member of this team. Please work closely with your broker to ensure that documentation and filing requirements are met, and necessary clearances are made before arrival at the border. Please note that each country may impose their own duties, tariffs, penalties, and other fees for which you are liable.

Safe transportation

We will help you plan for safe and damage free movement. You are responsible for ensuring that your shipment is loaded in accordance with regulations and safe loading practices. Please contact our Damage Prevention Team at dpcs_sop@cpr.ca for more details.

Common rail transit supplemental services

The following are examples of supplemental services you may choose to request, and penalties you are encouraged to avoid. For more details, including fees, please see Tariff 2 for railcars, or Tariff 3 for containers, Tariff 5 for unit trains or speak with your Account manager.

- Changes to original shipping instructions or documents after submitted
- A shipment that CP cannot continue to move (e.g. customs hold, insufficient shipping instructions, at your request, etc)
- Unit train or solid train held on CP track
- Loading and unloading to permit inspections required for customs or regulatory purposes
- Weighing
- A shipment identified as being improperly or unsafely loaded while on CP
- Other government-imposed charges that CP may incur to move the shipment to destination



Invoicing and payment

With the tools at www.cpr.ca, staying on top of invoicing and payments has never been easier.

Invoices are displayed in CP's online My Account tool or can be sent via EDI. It is your responsibility to pay the charges within the standard credit terms as outlined on the invoice. Payment must be received by CP before the end of business day on the due date shown on the invoice. Full details on CP's Payment and Credit terms are available for review on page 36.



Payment

Payment must be made no later than the due date on your invoice. Appropriate electronic payment options include CP's online My Account tool. For additional electronic invoicing and payment options, please contact CP's e-Business team by email at EB_Support@cpr.ca or by phone at 1-888-333-8111. To ensure your payment is properly matched to the invoice you intended, be sure to include the CP invoice number with your payment.

Disputes

If exception is taken to any charges as billed, the undisputed amount must be remitted with the appropriate information as indicated above. A dispute must be made in writing or electronically within the terms of the invoice, including the same information as would be required with payment, a brief description of the reason for the dispute or short-payment, and supporting documentation.

Disputes of invoiced amounts will not be accepted verbally. The appropriate contact information for your accounts receivable representative is indicated at the top right corner of the invoice.

Disputes regarding demurrage must be made via the online e-demurrage system on our website. We encourage you to review records related to demurrage via the e-demurrage system prior to the invoice being issued.

Credit is granted at CP's sole discretion

Failure to maintain your account fully paid and up-to-date as agreed, a change in your credit worthiness, or failure to provide information requested by CP to demonstrate credit worthiness will result in suspension or cancellation of credit without notice.

To help you avoid this situation, automated notices will be sent to remind you of outstanding amounts.

Common invoicing and payment supplemental services

The following are examples of supplemental services you may choose to request, and penalties you are encouraged to avoid. For more details, including fees, please see Tariff 2 for railcars, Tariff 3 for containers, or speak with your Account manager.

- Interest on all overdue amounts.
- Incorrect bill-to party provided on shipping instructions
- Short-payment or payment without required details.
- Surcharge for processing payments if credit has been suspended.
- Manual processing fees for paper invoicing or non-electronic payment (after roll-out of CP's electronic billing and payment system).



Contacts

For the most complete and up-to-date contact list, please visit www.cpr.ca or call 1-888-333-8111 for assistance.

Team	Phone	Fax	Internet/Email
24 Hour Emergency Contact <i>In case of a railway or safety emergency</i>	800-716-9132		
Get set-up to ship			
e-Business Team <i>For assistance with online tools and electronic shipping instructions</i>	888-333-8111		eB_Support@cpr.ca
Quote Request <i>To set-up service and get a quote</i>	877-277-7283		
Quote Request For Intermodal Services <i>To set-up Intermodal Terminal or Door service and get a quote</i>	877-225-5277		
Quote Request For Transload Services <i>To set-up Transload facility or Door service and get a quote</i>	888-333-8111		Transload_Quotes@cpr.ca
Canadian Pacific Logistics Solutions <i>Looking for more? Our logistics solutions team has it all.</i>	866-204-7835		superload@cpls.ca
Damage Prevention & Claim Services <i>For assistance with safe loading practices</i>	877-277-3732	877-685-3555	dpcs_sop@cpr.ca
Credit Office <i>For assistance with applying for credit</i>	800-463-3280		
Manage your shipments			
Customer Service Team "CST" <i>For assistance with problem resolution</i>	888-333-8111	403-205-9058	
Customer Service Finance "CSF" - Canada <i>For local rail service requests in Canada</i>	800-704-4000	800-420-5655	CSF_CAN_Customer_Contact@cpr.ca
Customer Service Finance "CSF" – US <i>For local rail service requests in the US</i>	888-872-8720	888-765-7245	CSO_MPLS_Industry@cpr.ca
Intermodal Central Operations Group "COG" <i>For dispatch & appointment services on Intermodal shipments</i>	866-721-2771	866-301-2772	
International Intermodal Central Operations Group <i>For customs releases and re-manifests, storage guarantees or payment, or pick-up or delivery for ocean carrier import or export shipments</i>	866-337-5772	866-201-2937	International_COG@cpr.ca



Rules and regulations

For the most complete and up-to-date version of this document and the applicable rules and regulations, please visit www.cpr.ca or call 1-888-333-8111 for assistance.

Details on liability & applicability of terms

1. Application

The rules of this tariff and all applicable Canadian Pacific ("CP") tariffs (including but not limited to tariffs 2 through 10) apply on CP. On shipments moving to or from other railways, all applicable tariffs of the other railways apply on the respective other railways, and the services offered on other railways may differ from CP.

2. Updates To This Tariff

This document and the associated documents outlining chargeable services and rules will be updated from time to time with 30 days notice of any price increase or change of rules or conditions. Notice of update will be sent to email addresses subscribed to notifications under the tariff subscription section of cpr.ca. To subscribe, please visit cpr.ca.

Carriers or Carrier shall mean CP and any connecting railway. Commodities means the commodity or commodities transported. Hazardous Commodities are as specified in CP's Tariff 8. References to CP cars shall also extend to cars owned or operated similarly by other railways unless stated otherwise.

Except as otherwise provided, rates and charges published in tariffs are competitive rates and only apply from or to points specified. Rates do not apply to intermediate points and can not be used to construct combination rates.

Shipping Instructions refers to the Bill Of Lading and shall also extend to electronic versions of same, including but not limited to "EDI 404". Any Shipping Instructions submitted for shipments originating in Canada shall be deemed to use CP's Standard Bill of Lading, and for shipments originating in the United States of America, the Uniform Straight Bill of Lading, the terms and conditions of which are incorporated by reference.

3. Limitation on Common Carrier Offering

Intermodal services are not common carrier offerings, and CP does not hold itself out to be a common carrier for Intermodal services.

4. Customer Represents and Warrants

Customer represents and warrants to the Carriers that the Commodity(ies), the packaging thereof, the loading and unloading thereof, and all other obligations of Customer under the Contract have been and will be performed in accordance with all applicable provincial, federal, state or local laws, regulations, decisions, orders, tariffs, and schedules as well as customer responsibilities as detailed in this tariff and associated tariffs.

Customer represents and warrants to the Carrier(s) that it controls the routing of the Commodity(ies) being transported by the Carrier(s) and is the purchaser of these services as described in the Contract.

5. Rights To Inspect, Reject, Return, and Determine Final Weight

CP reserves the right to inspect shipments to ensure safety or ascertain the accuracy of the description(s). The description of the Commodity(ies), as set forth on all shipping documents, must conform to the Standard Transportation Commodity Code 6001 Series and must show ALL applicable STCC number(s). In the event a description is incorrect, CP shall be permitted to (a) adjust the rates being charged to ensure the rates conform with the Commodity actually being transported, (b) refuse to transport the Commodity or (c) respond in any other legal manner.

CP reserves the right to reject any shipment which does not comply with provisions set-out by CP. Failure of CP to reject a shipment which does not comply shall not make CP responsible for loss, damage or injury resulting from the nonconformity or otherwise alter CP's responsibility or liability.

When shipment is directly or indirectly refused or rejected and not un-

loaded by the consignee or receiver, CP reserves the right to return the shipment to its origin, subject to the same freight price used to ship it to the consignee or receiver that refused or rejected it.

CP reserves the right to make the final determination as to the weight of any shipment where the applicable rate is priced using weight and the actual weight is disputed.

6. Use of "Team Tracks" or Public Delivery Tracks

Existing team track service, including loading/unloading platforms and other structures, are available for use by shippers for non-hazardous commodities only on a pro-rata share usage basis, at the sole cost, risk and expense of customers using the team track facilities. By using such facilities, customers agree to indemnify, defend and hold harmless CP from all claims, costs, and expenses, and to assume all risk, responsibility and liability for death, personal injury, or property damage arising from, related to, or in any manner caused by, in whole or in part, the use of such team track facilities.

7. Switching performed by other railways

Where switching or "inter-switching" charges are incurred in the transportation of Commodities, shipper shall be responsible for any switching charges incremental to those included in Rates as detailed in tariffs or confidential contract.

8. Customer's Owned or Leased Equipment

If equipment used for transportation under the Contract is owned or leased and provided by, or on behalf of, Customer, Customer represents and warrants to the Carriers that such equipment is in compliance with all terms listed in CP's Tariff 6 Private Equipment Rules & Services.

9. Hazardous Commodities

If any Hazardous Commodities (loaded or residue) are transported, Customer represents and warrants to the Carriers that such Commodities are in compliance with all terms listed in CP's Tariff 8 Hazardous Commodities. Any application of Hazardous Commodities to CP Equipment or shipment not in compliance will be deemed unsafe and unauthorized, subject to applicable fees.

10. Payment & Credit Terms

Customer shall pay all Rates, charges, costs, expenses and taxes in full within fifteen (15) days (inclusive of Saturdays, Sundays and statutory or civic holidays) of the day following the date of issuance of an invoice for the same.

If exception is taken to any charge as billed, please remit according to your records by the due date shown on the invoice, indicating reason for adjustment. Carrier will accept a whole or partial claim for overcharge, over collection or duplicate payment only if the claim is (i) made within 180 days of the date of the invoice in which it is alleged to have been made, (ii) in writing and (iii) contains sufficient information for Carrier to conduct an investigation, including the name of the claimant (which must be the same as the party who overpaid), the amount of the claim, the applicable quote number, the original bill of lading, the original freight bill, a description of the freight bill payment charges at issue and supporting documentation, and, in the case of overcharges, the rate, weight, description of the Commodities, and applicable supporting documentation.

If Customer's Financial Statements (as defined below) are not publicly available on the EDGAR database of the United States Securities and Exchange Commission or the SEDAR database of the Canadian Securities Administrators or a similar public database, Customer shall, within 2 Busi-

ness days of receipt of a request from Carrier, deliver to Carrier its consolidated balance sheet for its most recently completed fiscal quarter and year, and the related statement of income and statement of changes in financial position of Customer for such fiscal quarter and year (collectively the "Financial Statements"), prepared in accordance with applicable generally accepted accounting principles or international financial reporting standards, all in reasonable detail and in the case of such annual Financial Statements information certified by independent chartered or certified public accountants of recognized standing.

If: (a) Carrier determines, in its reasonable discretion, that Customer's credit worthiness has deteriorated; (b) Customer fails to provide Financial Statements following a request for the same from Carrier; or (c) Customer fails to pay an invoice within fifteen (15) days Carrier may do any one or more of the following:

(i) assess interest charges of twelve per cent (12%) per annum on all past due amounts;

(ii) cancel credit and either (a) require payment in advance; or (b) require that Customer provide Performance Security in order to ship under credit for any further shipments under this Contract or any other contract for the transportation of goods between Carrier and Customer. Where Performance Security is provided it shall be maintained by Customer during the Term of this Contract or any extension thereof, unless otherwise agreed by Carrier; and

(iii) terminate this Contract or any other contract for the transportation of goods between Carrier and Customer on five (5) days written notice to Customer.

In this section "Performance Security" means sufficient security in an amount acceptable to the Carrier and in the form of either an irrevocable standby letter of credit in a form and from a financial institution acceptable to Carrier, or prepayment. Unless Performance Security is provided, Customer shall pay an additional fee of \$100 for each railcar or container shipped under this Contract. This charge will be in addition to all other Rates, charges, costs, expenses and taxes for such shipment.

11. Liability

Claims for loss or damage will be handled in accordance with terms and conditions as listed within this tariff unless otherwise specified by contract or exempt quotation reference is placed on shipping document used to move shipment. Amounts claimed for loss or damage may not be deducted from any freight bills issued by Carrier.

In case of incident, CP reserves the right to dispose of Commodities as it sees fit.

Except as otherwise provided in this tariff or any of its schedules, the liability of CP for any alleged loss, damage or delay to the Commodity shall be as follows:

- a) For transportation of Commodities within Canada, CP's liability for claims and the procedures for processing such claims, shall be the same as that imposed on a Canadian rail common carrier. For greater certainty, the terms and conditions regarding liability shall be those of the Railway Traffic Liability Regulations SOR/91-488, except as otherwise provided herein.
- b) For transportation of Commodities within the United States, CP's liability for claims and the procedures for processing such claims, shall be the same as that specified in 49 U.S.C. S 11706, except as otherwise provided herein.
- c) In no event shall CP be liable for more than a value of \$2 per pound up to \$50,000, for shipments not under common carrier service.
- d) Claims are subject to \$500 deductible.
- e) With respect to liability claims, the "value" of the Commodity or portions thereof shall be computed on the basis of the value at the time of shipment of the goods at the place and time of shipment under

the Bill of Lading including the freight and other charges if paid, and the customs duty if paid or payable and not refundable. However, the "value" of the Commodity or portions thereof shall be computed on the basis of the manufactured cost of the goods only in the case of replenishment movements (Transfer of Stock). For Transfer of Stock, Shipper shall provide Carrier with written certification as follows: "We hereby certify that this shipment is a transfer of stock and no actual sale is involved and that the foregoing statement of facts is correct and price(s) used in this claim does/do not exceed the value at the place and time of shipment in the quantity shipped and does/do not include profit not earned or GST, warehousing, distribution, transportation or other expenses not actually incurred."

- f) In no event shall CP be liable for any indirect or consequential damages, including without limitation, loss or revenue or profits which are based upon, arise out of or are connected with the transportation of Commodities or anything done or maintained hereunder or anything not done or maintained as required hereunder, even if such damages were foreseeable.
- g) CP will not be liable for the rejection of goods due to off-temperature or variances .
- h) CP will not be liable for goods due to expiration of shelf life or delay while in transit.
- i) Claims for damaged equipment will be adjudicated or governed under the same principles and practices of the current copy of the AAR Interchange Rules for repairs to and settlement of rail equipment.
- j) In no event shall the Carrier(s) be liable to the claimant for any indirect, consequential, punitive or special damages or legal fees.
- k) When transporting goods in carload form to or from a siding, station, wharf or landing, the goods will only be at risk of the carrier from the time the car is picked-up until the car is placed at destination.
- l) CP will not be liable for loss of or damage to goods of extraordinary value that the carrier transports where the shipper of the goods, before shipping, does not disclose in writing the value of the goods to the carrier or the carrier's agent.
- m) The Carrier shall not under any circumstances be liable for concealed loss or damage to any container or the contents thereof.
- n) CP will not be liable for loss or damage to goods arising from consignee's failure to unload the goods in a timely manner

12. Seal Requirements

Seal requirements for shipments that move on CP apply as published here:

<http://www.cpr.ca/English/Customers/Existing+Customers/DPCS/default.htm>

CP does not monitor shipments for seal compliance on behalf of the shippers, receivers or the Billable Party of the move (i.e. seal existence, seal type, seal identification number, electronic reconciliation of seal identification numbers); and CP is not obliged to report the condition of seals during the transportation journey to any source (including but not limited to shippers, consignees or the billable party of the move).

13. Claims

For more information on how to report overages, shortages and/or damages, options for salvage handling and how to file a formal freight claim, please refer to the following link:

<http://www.cpr.ca/English/Customers/Existing+Customers/DPCS/Claims/Claims.htm>

The Carrier shall only be liable for loss or damage resulting from Carrier's own negligence during the service of rail transportation. Any damages discovered at final destination shall be reported to Carrier for verification before claim is honoured. The shipper and/or consignee releases and agrees

to indemnify and hold harmless the Carrier from any and all claims for loss, damage, or delay in the event of failure of the shipper and/or consignee to give such notice and provide such opportunity for inspection.

No claim for special or consequential damage will be honoured without prior agreement.

The Bill of Lading or Contract a shipment moves under contain certain provisions that stipulate the time frames in which a claimant may file a claim. Under a Canadian Bill of Lading notification of loss/damage must be received by the delivering carrier within 4 months after delivery. A formal claim must be submitted within the statute of limitations. On shipments moving under a United States Bill of Lading, your claim must be received within nine months from date of delivery.

Documents needed to support your claim

- a) Bill of Lading and paid freight invoice.
- b) Invoice showing ownership and costs.
- c) Detailed breakdown of all items damaged/lost and the amount claimed for each.
- d) A copy of a survey report (if applicable) and/or an Exception Report or its number.
- e) In the case of bulk shipment(s), a copy of the scale documentation both at origin and destination to substantiate the amount of product lost or damaged.
- f) A copy of the delivery receipt or proof of delivery (POD).
- g) If a shortage claim, verification of quantity shipped and quantity received, as well as seal record at time of unloading and on receipt from CP.
- h) If repairs are done, include invoices for parts and labour.
- i) If shipment is a transfer of stock, a stock transfer certification is required.
- j) For claims on shipments under perishable protective service related to "off-temperature" a temperature history log for the unit in question

For product overages, disposition will be handled by our Warehouse Agent, please see your Account Manager for details.

14. Emergency Routing

In the event the Carrier(s) transport the Commodity(ies) over a route other than that specified in the Contract or tariff because of traffic congestion, washout, wreck or other similar emergency, or the Carrier(s) error, the rates to be charged shall be the lesser of the rates in the Confidential Rate Quote or the most recent applicable rates for the route published by CPR.

15. Claims for damage to Containers

Canadian Pacific will accept responsibility for container damage subject to the following conditions. No claim for cosmetic damage will be accepted for any container. Cosmetic damage is defined as damage that does not impair the structural integrity of the marine container. Also, no claim for internal damage will be accepted unless damage is a direct result of mis-handling by CP or its contractors. In the event Canadian Pacific is liable for loss or theft, payment will be made for the depreciated value of the unit. In the event unit is damaged, maximum CP liability will be for the depreciated value or repair costs, whichever is less. CP will not be liable for any charges resulting from the loss of use of the marine container. Depreciated value of units will be calculated as follows:

Container Number

Manufactured Date

Damaged Date

Original Purchase Price

Factor Of Year Prior To Damage.....(Multiply)

Factor For Year Of Manufacture.....(Divide)

Reproduction Cost.....(Equals)

Monthly Depreciation.....(Divided By 120)

Months In Service.....(Multiply)

Depreciation.....(Equals)

Depreciated Value (Reproduction cost less depreciation)

16. Force Majeure

- a) Either Shipper, or Consignee, or CP shall be excused from its or their obligations, with the exclusion of obligations related to ensuring safety, under the Contract or applicable tariffs provided that Customer or CP is prevented or delayed in such performance by any event which is unavoidable or beyond its reasonable control, including, without limitation, act of God, act of the Queen's or public enemies, flood, rockslides, landslides, snow-slides, washouts, avalanches, storm earthquake, expropriation, fire or explosion, strikes, lockouts, walkouts or other industrial dispute, war, sabotage, riot, insurrection, derailment, labour shortages, power or fuel shortages, the act or failure to act of any government or regulatory body. Lack of funds shall not be considered an event of force majeure.
- b) All time periods provided for in the applicable tariffs shall be extended for a period equal to the period in which the event of force majeure is continuing and so far as reasonably possible, the party affected will take all reasonable steps to remedy the event of force majeure; provided, however, that nothing contained in this paragraph shall require any party to settle any industrial dispute or to test the constitutionality of any provincial, federal, state or local law or regulation. In the event of force majeure, the party affected shall give prompt written notice to the other party describing the event in question in reasonable detail, and such party shall also furnish prompt notice when the condition of force majeure has ended. Failure to provide notice shall not preclude a party from relying on the existence of a condition of force majeure.