



CN's Commercial Dispute Resolution (CDR)

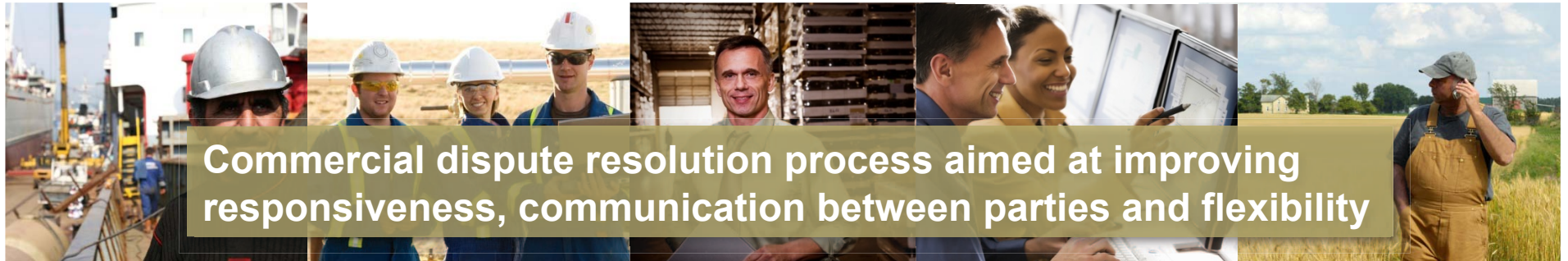


CN's Objectives

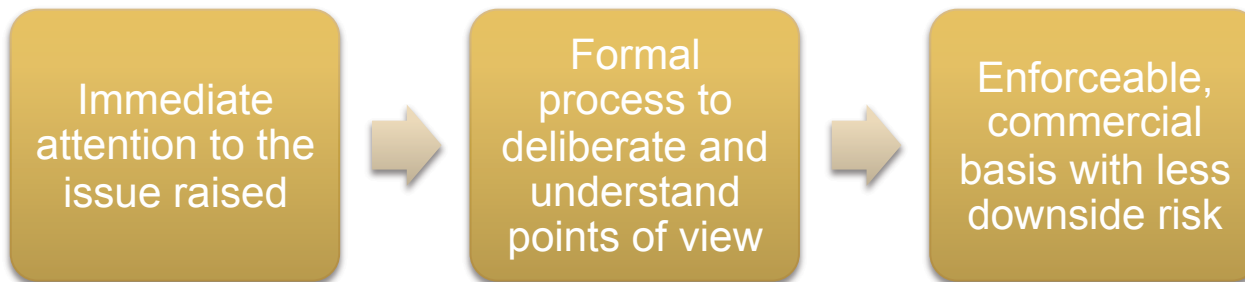


- Improve responsiveness and flexibility
- Improve communication between CN and its Customers through a mandatory mediation
- Address Customers' issues that are raised
 - Rate issues
 - Service issues
 - Application of CN Optional Services

What is the CDR Agreement?



Benefits for CN Customers



What does it apply to?



Transportation Rate Disputes	All rates charged or proposed to be charged for the movement of goods, with associated terms and conditions, that may be subject to an FOA under S.161 of the CTA
Level of Service Disputes	All railway service obligations that may be subject to complaint under S.113 to 116 of the level of service provisions of the CTA
Optional Services Application	It is about how optional services charges are being applied – and not about the price of the services as published in the tariffs. Issues about prices and condition must apply uniformly to all customers and therefore, must be dealt through recourse to the Agency



How does the CDR process work?

Phase 1 **Mediation**

- Agency or member appointed as mediator – efficient, low cost process
- Under current mediation process
- Parties or mediator free to terminate mediation and jump to Phase 2 at any time
- Mediation to run for no more than 2 days unless extended upon agreement between parties – within an overall 15 working day process

Outcome

- Settle dispute with a confidential agreement between parties
- If breached, current enforcement mechanisms would continue to apply

Benefits

- Inexpensive – Agency supplies mediators
- Agency already staffed and trained
- Collaborative
- Mediation has good track record of effectiveness in railway disputes

Phase 2 **Binding Commercial Arbitration**

- Agency or member appointed as arbitrator (unless otherwise agreed) – faster, lower cost process
- Arbitrator makes the Decision

Outcome

- Outcome is decision of arbitrator
- Confidential agreement between parties
- If breached, current enforcement mechanisms would continue to apply

Benefits

- Experienced transportation experts to arbitrate cases
- Flexible, effective and less costly
- Rate decisions have possible duration beyond 1 year, 2 years maximum
- Will formalize under Confidential Agreement

What are CN's principles?

+ Collaborative

More collaborative process to deliberate and understand respective points of view

+ Efficient

Mandatory mediation with the option to follow with binding commercial arbitration or existing CTA remedies

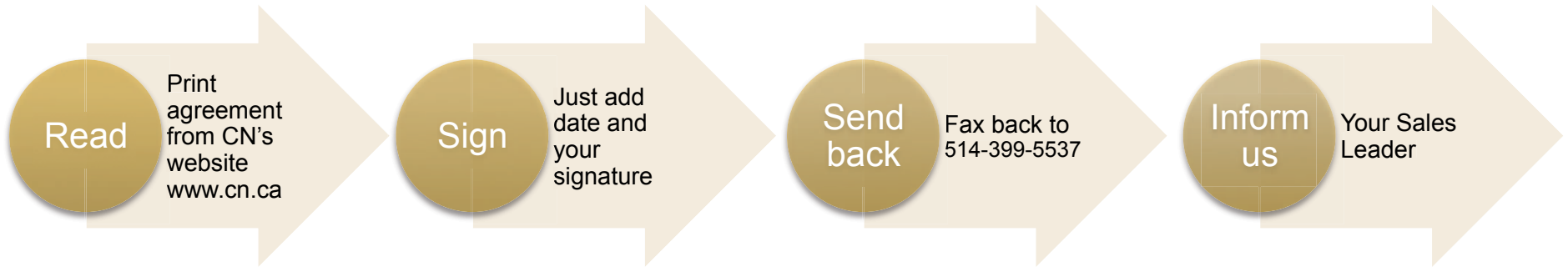
+ Timely

- **15** working days from appointment of a mediator
- **60** working days from Arbitrator opening conference call for linehaul rates and level of service issues

+ Commercial

Arbitration decision is binding and can be a compromise that minimizes risk to both parties

How do you sign up?



An efficient dispute resolution process, with value to our customers

