

STANDARD CONTRACT

BETWEEN: CANADIAN NATIONAL TRANSPORTATION LIMITED, a body corporate, having an office at 30 Intermodal Drive, in the City of Brampton and Province of Ontario, hereinafter called the “*Company*”,

OF THE FIRST PART,

- AND -

(Name or Body Corporate): _____

(Address): _____

(City and Province): _____

hereinafter called the “*Contractor*”

OF THE SECOND PART.

WHEREAS the Company is a common carrier engaged in the transportation by motor vehicles of goods and commodities for hire;

AND WHEREAS the Contractor carries on business as an independent trucking contractor providing a transportation service and the necessary equipment and driver or drivers therefor;

AND WHEREAS the Company is desirous of engaging the services of the Contractor to provide a transportation service for purposes of its business and the Contractor is willing to provide the same on the terms and conditions herein set forth;

now therefore this agreement witnesseth that in consideration of the mutual covenants, agreements and conditions herein contained;

IT IS HEEBY AGREED between the parties hereto as follows:

1:00 PROVISION OF SERVICES

1:01 Subject to the terms of the agreement between the Company and the Canadian Brotherhood of Railway, Transport and General Workers (*the Union*) signed at Montreal, Quebec and dated the 31st day of May, 1994 (hereinafter called “*the Union agreement*”), as may be amended from time to time by agreement between the Company and the Union or its successors, the Company engages the services of the Contractor and the Contractor agrees to provide the transportation service and to make available therefor the tractor, tractors, trucks or other vehicles (hereinafter called “*the tractor*”) more particularly specified in *Schedule “A”* hereto.

1.02 (1) The Company hereby agrees to pay the Contractor for the transportation service provided by him in accordance with the mileage rates and other charges specified from time to time in *Schedule "B"* hereto.

(2) The mileage rates and charges set out in *Schedule "B"* will be reviewed in June of each calendar year and are subject to change as a result thereof by mutual agreement. Any change in such mileage rates and charges so agreed upon or renegotiated shall be incorporated in a new *Schedule "B"* and shall be attached to and made part of this agreement in replacement or substitution for the previous *Schedule "B"* without the necessity of rewriting this agreement in its entirety.

1.03 The Contractor for himself, his employees, servants and agents covenants to observe and comply with the rules and regulations set forth in *Schedule "C"* hereto as the Company may dictate from time to time with respect to the dispatch, shipping and handling of its freight and the services to be performed hereunder in connection therewith, the conduct of drivers and operators and other matters pertaining to the transportation services herewith contracted for, all of which rules and regulations now or hereafter in force are to be read as forming part of the terms and conditions of this agreement. It is understood and agreed that such rules and regulations are subject to review and may be changed from time to time in a manner not completely at variance and inconsistent with the terms, conditions spirit and tenor of this agreement between the Company and the Contractor, without the necessity of rewriting this agreement in its entirety.

2.00 USE, OPERATION AND MAINTENANCE OF TRACTOR

2.01 The tractor shall be operated solely and exclusively for the account of the Company during the term of this agreement and the Contractor expressly covenants that he or she will not, during such period, use the tractor on his own account or make it available to anyone else; and that he or she will not, during such period, act as carrier, broker, contractor, servant or agent on behalf of any other common carrier or person engaged in the shipment, carriage or transportation of goods and commodities, without the prior written consent of the Company.

2.02 The Contractor shall maintain and operate the tractor and the transportation service herewith contracted for at all times in a safe, efficient and workmanlike manner in accordance with such instructions as the Company may from time to time issue and in a manner satisfactory to the Company and in compliance with all present laws.

2.03 During the term of this agreement, the tractor shall be operated at all times under the licenses, permits and operating authorities of the Company. Where applicable, the tractor shall be licensed and registered in the joint names of the Company and the Contractor, for the purposes of insurance, licensing and its operation under the licenses, permits and operating authorities of the Company.

2.04 The Contractor shall comply with all present laws applicable to the operation of motor carriers and motor vehicles and the rules and regulations of any lawfully constituted governmental or regulatory authority in respect thereto. The Contractor, if requested, shall provide the Company with a certificate of mechanical fitness for the tractor in the form prescribed by any such governmental or regulatory authority.

2.05 The Contractor agrees, upon request of the Company and subject to its prior approval, to furnish such drivers and operators as may from time to time be required to efficiently perform the transportation service provided for herein. Said drivers and operators and any other persons employed by the Contractor in and about the performance of such transportation service shall be, and remain, employees of the Contractor and not the company. It is expressly understood and agreed that the relationship hereby created between the Company and the Contractor, both as to the Contractor and any of his employees, servants or agents, is that of independent contractor and not that of an employer and employee relationship.

2.06 The Contractor shall furnish the Company with particulars of the driving licenses, driving qualifications and driving record and such other information relevant thereto as the Company may from time to time require in respect of himself, or any other person or she engages or employs to drive and operate the tractor, with the Company's consent. The Contractor agrees, upon request or notification of the Company, to discharge any driver or operator who is unsatisfactory or unacceptable to the Company and to replace him with a satisfactory substitute, if so required. The Company must be reasonable in their request.

2.07 Subject to the foregoing, the tractor shall be driven only by properly qualified drivers who have satisfactorily passed all medical standards, driving proficiency tests and examinations required by any lawfully constituted governmental or regulatory authority, or by the Company.

2.08 The Contractor agrees, at his own expense, to keep and maintain the tractor in good and safe operating condition, and in appearance, all satisfactory to the Company and to maintain, inspect and service the same to the extent required therefore and to replace all worn out parts, equipment and accessories thereto. The company shall have the right to inspect the equipment at any time without prior notice.

2.09 The Company agrees, at its own expense, to maintain its trailers and chassis in good operating condition during the term of this agreement and whenever assigned to and utilized by the Contractor for the purposes hereof and to maintain the same, to replace all worn out or defective tires, parts, accessories or other equipment thereon or therein, and to have such trailers and chassis in safe and road-worthy operating condition whenever utilized by and assigned to the Contractor hereunder.

2.10 The Contractor is bound to accept only such trailers and chassis assigned by the Company to him that are in safe and road-worthy condition. Once the Contractor accepts, without objection, a trailer or chassis so assigned to him by the Company, then the trailer or chassis shall be deemed to have been in a safe and road-worthy condition.

2.11 The Contractor agrees that he or she shall will be fully responsible for the trailers, chassis or equipment hauled by his tractor and that he or she will be responsible for any damage caused by him to the trailers, chassis or equipment of the Company.

2.12 When an owner-operator replaces his/her truck, then the replacement truck must be suitable for use on both highway and zone moves and will be used on both as dispatched by the Company.

3.00 OBLIGATIONS OF THE CONTRACTOR

3.01 The Contractor shall, at his own expense, pay the costs of painting the tractor in such manner as the Company may direct in respect of a distinctive colour scheme and other identifying insignia and of thereafter maintaining the same during the term of this agreement. The Contractor shall apply decal lettering, as supplied by the Company, in the manner specified by the Company. In the event the Company alters its colour scheme, the Company will absorb the expense of repainting the tractor.

3.02 The Contractor agrees that he or she will bear the cost of Workers' Compensation coverage for himself and his employees including all assessments, levies or premiums due in respect thereof and that he or she will indemnify and keep indemnified the Company against all liability by reason of his failure to do so. In provincial jurisdictions where it is the responsibility of the Company to provide such coverage, the amount of assessments, levies or premiums paid by the Company will be deducted from monies due the Contractor.

3.03 Without limiting the generality of the foregoing, the Contractor further covenants and agrees with the Company as follows:

(1) To use the tractor only in the normal and ordinary course of business of a motor carrier and not to use or permit the same to be used for any illegal or improper purpose; and to hold the Company indemnified against any fines or penalties for speeding, reckless or careless driving, or the violation of any statute, regulation or ordinance

of any lawfully constituted public or regulatory authority this not to apply in respect of an over-weight load of which the Contractor had no knowledge and could not have been reasonably expected to have had knowledge.

(2) To pay all taxes and fees lawfully imposed on or in respect of the tractor or its operation or the use thereof by any federal, provincial, state or other lawful taxing authority, exclusive of licensing fees, road tolls and ferry charges required to be paid by the Company.

(3) To carry out or cause to be carried out any maintenance inspection of the tractor required under any federal, provincial, state or other applicable law or by virtue of any insurance requirements.

(4) To pay all costs and expenses of fuel, grease, oil, tires and other operating and maintenance charges required for the tractor.

(5) To pay all salaries, wages, board, travelling and other like expenses of himself and his employees for services performed under this agreement.

(6) To promptly pay or remit all deductions or assessments for income taxes, unemployment insurance, Quebec Pension Plan and other like social security benefits which may be payable by reason of the salaries or wages of himself or his employees.

(7) To indemnify and save harmless the Company from and against any and all claims and demands whatsoever for or in respect of the salary, wages, expenses, remuneration or other monetary benefits payable to an employee, servant or agent of the Contractor for services performed hereunder.

(8) To promptly pay or reimburse the Company for any and all costs or expenses paid or incurred by the Company to settle, discharge or vacate a possessory lien, statutory lien, chattel mortgage, conditional sale contract or other charge or encumbrance of whatsoever nature on the tractor for monies due and owing thereon or in respect to the use or ownership thereof; and any and all costs, charges, expenses claims and demands paid or incurred by the Company on behalf or on account of the Contractor and his employees, such payments to be made to the Company by their deduction from any monies due from time to time by the Company to the Contractor.

(9) To assume full responsibility and liability for, and to indemnify and save harmless the Company against all claims, demands, actions, awards, costs, damages and expenses of any nature or kind whatsoever and brought by whomever arising out of or in respect of loss, damage or delay to property or injury to or death of any person, in any manner, arising out of or in the course of or incidental to the services undertaken by the contractor except to the extent that such loss, damage, delay, injury or death is caused or contributed to by the negligence of the Company, its servants or its employees.

(10) Not to use, pledge or attempt to use or pledge the Company's credit nor incur any obligations or liabilities in the name or on behalf of the Company.

(11) Carry out or cause to be carried out any obligations under the aforesaid union agreement. The contractor shall become and remain members of the Union for the term and continuance of the aforesaid Union agreement.

(12) To, at all times and in all transactions with the Company's customers, represent himself and the Company in a courteous and business-like manner

4.00 COMPANY OBLIGATIONS

4.01 (1) The Company shall calculate, from trip sheets, logs, mileage and other operating records of the Company, the monies due and payable to the Contractor and remit such monies to him less any deductions as provided for herein. Monies due and payable shall be calculated twice each calendar month, for the period covering

the first to the fifteenth day, inclusive, and for the period covering the sixteenth day to the last day, inclusive, of the month. Remittances will be made within ten (10) days of the end of each such period.

(2) The Company shall be entitled to hold back or retain from any monies due the Contractor for thirty (30) days following the termination of this contract such monetary amounts as may be deemed sufficient to cover any deductions, assessments, accounts, claims, or other demands whatsoever for which the Contractor may be accountable to the Company or for which the Company may be held accountable therefor.

4.02 The Company agrees to pay all fees for the motor vehicle licenses, motor carrier licenses, permits and operating authorities required for the legitimate and lawful use or operation of the tractor under this agreement, this not to include the driver's permit.

4.3 The Company agrees to assume full responsibility for damage to cargo caused by accident.

4.4 The Company will allow Contractors to purchase tractor tires through the Company's tire purchase account. The Company has agreed to permit this with the following conditions:

- The company agrees to charge the tractor tire cost to the Contractor at the Company's National Tire account volume discount cost.
- The company will permit payment for the tractor tires by payroll deduction from the monies due the Contractor but it has sole discretion as to the number of payments it requires from the Contractor to repay the cost of the tractor tires.
- The tires must be solely for the use on the Contractor's tractor and the Company retains the right to limit the number of tractor tires purchased in any year.
- There shall be no obligation place upon the Company by any Contractor or by the Union as a result of the purchase or use of such tractor tires and the Contractor is solely responsible for their condition, installation, care and maintenance.
- The Contractor must remain legally liable to indemnify the Company for the cost of such tires even after leaving the service of the Company whether this be by legal lien or otherwise. The Contractor may be required to sign the appropriate forms to acknowledge and incur this responsibility before or after the tractor tire purchase is made.
- The Contractor remains responsible to pay for any delivery, installation, repair, warranty or other costs incurred in the purchase and use of the tractor tires.

5.00 INSURANCE

5.01 The Contractor will procure and maintain during the term of this agreement or any renewal thereof the following insurance coverage:

(1) Insurance against public liability and property damage, protecting both the Company and the Contractor, in an amount not less than FIVE MILLION DOLLARS (\$5,000,000) and such higher limits as the Company may reasonably require from time to time.

(2) Insurance against collision damage, fire and theft in an amount not less than the value of the tractor;

(3) Insurance against damage to non-owned trailer or container in an amount not less than TWENTY THOUSAND DOLLARS (20,000); and

(4) Insurance against damage to non-owned chassis in an amount not less than FIFTEEN THOUSAND DOLLARS (\$15,000)

5.02 The insurance provided herein shall apply to the Company and the Contractor (the insureds) in the same manner and to the same extent as if a separate policy had been issued to each.

5.03 The Contractor agrees to be responsible for the following deductibles in respect to such insurance:

(1) A maximum sum of TWO THOUSAND FIVE HUNDRED DOLLARS (\$2,500) in the case of damage to the tractor unless otherwise agreed to by the parties hereto;

(2) A maximum sum of ONE THOUSAND DOLLARS (\$1,000) in the case of damage to the Company's trailer or container;

(3) A maximum sum of ONE THOUSAND DOLLARS (\$1,000) in the case of damage to the Company's chassis.

5.04 The maximum responsibility of the Contractor for deductibles in respect to insurance claims arising out of any one occurrence shall be FOUR THOUSAND FIVE HUNDRED DOLLARS (\$4,500). The deductibles for any such insurance claims shall be paid by the Contractor.

5.05 The Company will bear the cost of damage to non-owned trailers and containers exceeding the amount specified in sub-paragraph 5.01(3); and the cost of damage to non-owned chassis in an amount exceeding the amount specified in sub-paragraph 5.01(4).

5.06 Where the Contractor agrees to coverage under the insurance policy offered by the Company, the Contractor will be provided with a copy of the endorsement issued by the insurer identifying the tractor by its serial number and detailing the damage covered by the endorsement, the limits of the insurance and the deductibles.

6.00 ACCIDENTS

6.01 The Contractor covenants to notify the Company immediately of any accident or collision in which the tractor has been involved, to cooperate fully with the Company to prevent loss through accidents, to aid in the collection or the recovery of damages from third parties and to aid in every possible way in the defense of suits or other proceedings brought as a result of the operation of the tractor; to deliver to the Company promptly any and all writs, notices, documents and other papers served upon him in connection with any claim, suit, demand or proceedings commenced or threatened against the Contractor arising out of the operation of the tractor by him or his employees, servants or agents. The Company will cooperate with the owner-operator to ensure communications and correspondence between them under this paragraph proceed without undue delays.

6.02 The Contractor agrees to report any and all accidents to the Company or to such insurance agent, broker or representative as the Company may from time to time designate. In the case of accident the Contractor shall obtain the names and addresses of all witnesses thereto and such other information as may be deemed relevant or appropriate and shall, so far as possible, maintain the position of any motor vehicle or motor vehicles and otherwise secure and protect the accident scene until a representative of the Company arrives.

7.00 TERMINATION

7.01 It is understood and agreed that in the event the Contractor, at any time during the continuance of this agreement, fails to promptly pick up, transport and deliver the freight of the Company to any of its customers or otherwise fails to perform any of the covenants on his part herein contained or otherwise commit or omits any act or deed, the commission or omission of which is prejudicial or detrimental to the business of the Company and in conflict with this agreement, then it shall be lawful for the Company to deem this a breach of this agreement and the Company may, at its option, terminate this agreement forthwith. In lieu of termination, the Company may, at its option, suspend this agreement for a period not to exceed five business days.

7.02 Apart from termination at the instance of the Company by reason of the Contractor's default as provided in paragraph 7.01 hereof, this agreement may be terminated at any time by either party hereto upon written notice to the other, which in the case of the Company shall be thirty (30) days' notice and in the case of the Contractor shall be

prior notice, and upon the expiration of the said respective periods of notice, this agreement shall automatically terminate.

7.03 It is understood and agreed that upon the termination of this agreement the Contractor shall, at his own expense, remove from the tractor all Company names, letters, symbols, wind deflectors, distinctive colour scheme or other identifying insignia painted, inscribed or affixed thereon and shall forthwith return to the Company all motor vehicle registrations and license plates, motor carrier authorities and plates and fuel tax certificates. Within 7 days of receipt of these documents and plates the Company shall provide the Contractor with a surrendered registration in the Contractor's name.

7.04 For owner-operators who retire and have been under contract with Canadian National Transportation Limited for a minimum of five consecutive years, the Company will give full and unprejudiced consideration for his/her nomination of a replacement. Such person and their truck, if engaged by the Company, must meet all requirements pertaining to a new owner-operator.

8.00 GENERAL

8.01 This agreement and the duties and obligations of the Contractor hereunder, are personal to the Contractor and shall not be assigned by him to any other person, without the prior consent of the Company.

8.02 No change or modification of this agreement shall be valid unless it is in writing and signed by each party hereto, save as otherwise expressly provided herein.

8.03 All schedules to this agreement, being *Schedules "A", "B", and "C"*, respectively, shall be read and deemed as part hereof.

8.04 This agreement embodies the entire agreement between the parties hereto and supersedes all prior understandings or agreements, written or verbal, between the said parties with respect to the subject matter thereof.

8.05 The validity and interpretation of this agreement shall be governed by the laws of the Province of Quebec.

8.06 Any notice required to be given hereunder may be given by letter delivered or mailed by prepaid, registered post to the parties hereto as follows:

THE COMPANY: **MANAGER ROAD OPERATIONS**
 CN INTERMODAL
 Address

THE CONTRACTOR: Name or Body Corporate: _____

Address: _____

City & Province: _____

or to such other addresses as the said parties may respectively from time to time appoint in writing, and any such notice, if mailed as aforesaid, shall be conclusively deemed to have been given to and received by the addressee within three (3) days after the mailing thereof.

8.07 Subject to the foregoing covenant against assignment by the Contractor, this agreement shall accrue to the benefit of and be binding upon the parties hereto, their heirs, executors, administrators, successors and assigns, respectively.

9.00 TERM

9.01 The Term of this agreement commences on the _____ day of _____, 200_, and continues until terminated at any time after the date hereof (called throughout the “*term*”) by notice or notices given pursuant to the provisions of Section 7.00, paragraphs 7.01 and 7.02 hereof.

IN WITNESS WHEREOF the Company has caused this agreement to be executed under the hand of its duly authorized officer and the Contractor has hereunto set his hand and seal.

DATED at Brampton, Ontario, this ___ day of _____, 200_.

**SIGNED AND DELIVERED
in the presence of:**

**CANADIAN NATIONAL
TRANSPORTATION LIMITED:**

Witness

**SIGNED, SEALED AND DELIVERED
in the presence of:**

CONTRACTOR:

Witness

SCHEDULE "A"

TRACTOR IDENTIFICATION

**COMPANY
IDENTIFICATION
NUMBER**

**YEAR
AND
MODEL**

**SERIAL
NUMBER**

SCHEDULE C

RULES AND REGULATIONS

The following Rules and Regulations apply to all CNTL Owner Operators and their replacement drivers.

SAFETY & EQUIPMENT

1. Owner Operators must have the following:
 - A dangerous commodities card
 - Safety gear (work boots, safety vest, hard hat & safety eyeglasses) as required by CN Intermodal terminals and/or the customers
 - Tools and broom for the cleaning of units
 - Local map and street guide
 - Fire extinguisher, flares and reflective triangles
2. **Owner Operators must observe all highway codes and drive in a safe and defensive manner.**
3. Owner Operators are responsible for performing a circle check on all units they hook to, prior to leaving the terminal or the customer's premises. The circle check is to ensure the units are clean, loadable and in safe operating condition. This includes inspecting the provincial safety sticker to ensure the chassis/trailer is not past its inspection date. Any unit with an expired sticker should be reported to dispatch immediately.
4. The Owner Operators will promptly notify the Dispatch in the event of breakdown, accident or unserviceability of equipment.
5. **The operation of a tractor or the provision of transportation services while under the influence of alcohol or drugs is prohibited. Such conduct on the part of the Owner Operators shall be cause for the immediate termination of this agreement between the Company and the Owner Operator. Such conduct on the part of the replacement driver shall be cause for their immediate removal from the list of approved replacement drivers and, in addition, may be cause for the immediate termination of this agreement between the Company and the Owner Operator.**
6. Carrying passengers without authorization of the Manager of Road Operations or his delegate is prohibited. It is understood that authorization to assist stranded drivers or motorists is hereby given.
7. Leaving a vehicle running or leaving a vehicle unattended while fueling is prohibited. Smoking, in any form, while fueling or within fifteen (15) feet of fuel pumps while vehicles are being fueled is prohibited.
8. The Company reserves the right to inspect tractors while enroute upon presentation of identification by the inspector.
9. Owner Operators must submit the monthly NSC tractor maintenance forms prior to the end of the first week of the month following the report period.

CUSTOMERS

1. It is very important that customers are treated in a professional and courteous manner at all times. Never engage a customer in a dispute. If there is a conflict call your dispatcher, DO NOT argue with or harass a customer.
2. Owner Operators are the first line of contact with the customers and reflect directly on the Company's image. It is very important that Owner Operators are presentable and neat at all times.
3. All empty containers delivered to a customer, by an Owner Operator, must be in a clean and useable condition.
4. When you arrive at a customer, ask where they would like the unit parked. Never park the unit just anywhere in the customer's yard.
5. If you are required to wait at a customer for an extended period of time, advise your dispatcher.
6. When required, Owner Operators must assist in the loading and unloading of units and the blocking and bracing of loads.
7. Before leaving the customer's premises, the driver will ask the customer if there are any empty or loaded trailers to return. He will advise his dispatcher accordingly.
8. When a unit contains a high value shipment, an escort may be required. Contact dispatch for instructions before moving the load.

DISPATCH

1. **Owner Operators must arrive at the terminal at their pre assigned start times ready to work.** They must be prepared to work additional time as required (within the Hours of Service Regulations) in order to meet all of the daily customer requests.
2. Owner Operators must notify dispatch when they arrive at the terminal, at the start of their shift and again when they finish their shift.
3. Owner Operators must advise the dispatch office, at least 24 hours in advance, when they will be replaced by a spare driver, and provide the name of the spare driver.
4. Owner Operators shall advise the dispatch office when picking up a unit other than the one they were assigned.
5. **Owner Operators must accept all assignments from dispatch.**
6. Owner Operators will promptly notify Dispatch of any delay, which may result in their inability to complete the task assigned.
7. Owner Operators are required to have cellular phones. The phone must be left on during their shift in order to communicate with dispatch.
8. All Owner Operators must start and finish their shift at the terminal, unless otherwise advised by the dispatcher.
9. Unless authorized by dispatch, Owner Operators cannot go home with empty or loaded units.

PAPERWORK

1. **Owner Operators must turn in their paperwork daily. This includes Tripsheets, Delivery Receipts, CPC Bills of Lading and Shipper's Bills of Lading**
2. Before leaving the terminal, Owner Operators must check their bills to make sure the proper address is shown.
3. Owner Operators must turn in Delivery Receipts for all loads delivered. The Delivery Receipt must include:
 - Signature of both customer and driver and Owner Operator unit number
 - Seal number (if not readable, put in block letters under the signature)
 - Time and date
4. CPC (Canadian Pallet Council) Bills of Lading must be completed correctly and turned in with the Delivery Receipts.
5. **Owner Operators must note all exceptions on their Tripsheets.** This includes late pickups and deliveries or refused loads, all with reasons.
6. **Tripsheets are the source document for the Owner Operator payroll. Accuracy in filling this document out is very important. Owner Operators are responsible for putting correct zones on their trips, recording the trips accurately and writing the correct arrival and departure times. Errors could delay an Owner Operator's pay. Repeated errors may be viewed as fraudulent and which would be cause for the immediate termination of this agreement between the Company and the Owner Operator.**
7. Before signing a Shipper's Bill of Lading, the Owner Operator must check for basic information including:
 - Shipper's and consignee's name and address
 - Piece count, weight and description of goods
 - Prepaid or collect
 - Unit & Seal number
 - Stop-off information
 - Dangerous goods information and placards
 - Date

TERMINAL

1. Owner Operators must follow all CN safety rules at the local terminal.
2. For terminals using the OASIS system, the Owner Operator must park the unit in the area designated by the terminal and advise dispatch who will update SRS.
3. If Owner Operators are assigned specific ingate and outgate lanes at the local terminal, these lanes must be used.

I am in receipt of, and understand the above Rules and Regulations

Owner Operator (Contractor)