

## Summary

CN and CP supplied 2,302 (37%) of the 6,228 hopper cars ordered for delivery in week 30. They supplied a further 4,202 cars that fulfilled customer orders from previous weeks. When railway car orders are not supplied to shippers in the week they are ordered, some shipper grain sales will be lost and some will be deferred. Lost sales cannot be recovered as international buyers will obtain this grain from suppliers outside Canada. Deferred sales may be filled by the grain company in later weeks using cars supplied later on in the year by the railway. However, deferred sales can still result in extra costs to the supply chain through higher inventory carrying costs, payment of contract penalties by shippers, payment of ocean demurrage for waiting vessels and loss of goodwill with overseas customers.

The accumulation of each weeks unfulfilled demand for hopper cars remains over 23,000 cars for the current year and represents the total volume of missed and deferred shipper orders. The net unfulfilled demand – those orders that shippers continue to expect the railways to supply excluding orders associated with rejected cars, denied orders and railway cancellations – is now 9,539 orders.

### Railway Car Supply – Grain Week 30

- CN spotted 3,500 hopper cars and CP spotted 3,004 hopper cars in the country in Grain Week 30 for a total supply of 6,504 cars – this included 4,202 cars that had been ordered for prior weeks. Grain Week 30 car spotting performance for CN and CP was lower than weekly average of car spots of just under 3,600 cars per week for each railway.
  - In Grain Week 30 CN and CP supplied 2,302 (37%) of the 6,228 hopper cars ordered for delivery in Grain Week 30 representing a shortfall of 3,926 cars for Grain Week 30 orders.
  - To date, the railways have supplied 43% of customer orders in the week for which cars were ordered with CN providing 55% of cars for the week they were ordered and CP 30% of cars in the week they were ordered.
- Through the first 30 weeks of the current crop year, railways have failed to supply 23,295 hopper cars ordered by shippers. This represents a shortfall equivalent to 11% of shipper demand. The number of hopper car orders not filled by both CN and CP has continued to increase each week since the beginning of the crop year; overall, unfulfilled orders have levelled off at about 10% of total shipper demand in recent weeks indicating that the railways are not making up ground for prior week shortfalls.
  - more than 3,500 customer orders – approximately 37% of unfulfilled orders - have been outstanding for 4 weeks or longer <sup>1</sup>
- Boxcar shippers received 58% of cars ordered for Grain Week 30. This reflects continued deterioration in performance and represents the lowest level of fulfillment for this shipper group in the previous 7 week period. Full year fulfillment remains at 67% of shipper orders.

### Corridor Performance

- In Grain Week 30 traffic destined to bulk terminals in Western Canada received a higher percentage (41%) of cars than other corridors. By comparison, non-bulk corridors including the USA/Mexico, Vancouver transload and Canadian domestic corridors received 26% of cars ordered for delivery in Grain Week 30.
- While CN fulfilled 31% of orders in non-bulk corridors, CP supplied 23% of cars for current week orders in Grain Week 30 in non-bulk corridors.

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<sup>1</sup> Based on net unfulfilled demand – excluding rejections, cancellations and denied orders – of 9,539.

**Railway Dwell Times at Country Origins:**

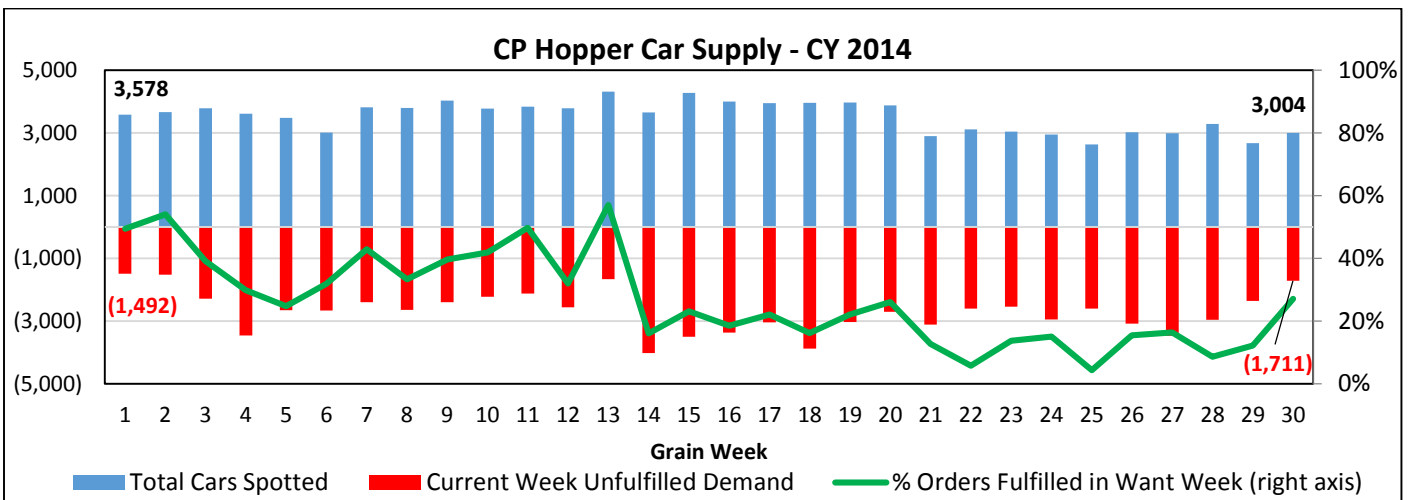
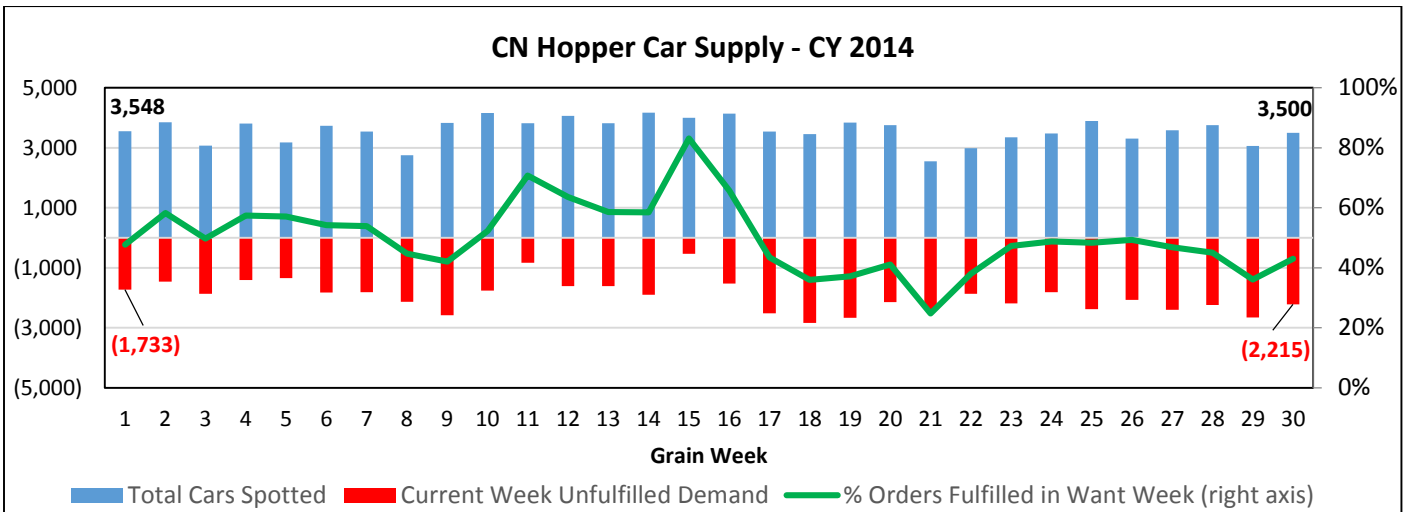
- In Grain Week 30, CN's loaded dwell times for multicar block traffic at country origin locations averaged 39 hours while CP's loaded dwell times averaged 86 hours. CN's performance in Grain Week 30 is slightly below its YTD average of 41 hours; CP performance improved significantly in Grain Week 30 from the prior week.
  - In the crop year to date, 36% of all bulk grain shipments have waited for more than 48 hours at origin for pick up by the railways after being released by shippers for movement to destination. Only 28% of shipments were picked up within 24 hours.

**Railway Dwell Times at Destination Terminals – Grain Week 30:**

- CN: Thunder Bay (96 hours), Vancouver bulk (20 hours) and Vancouver transload/local (45 hours)
- CP : Thunder Bay (42 hours), Vancouver bulk (14 hours) and Vancouver transload/local (14 hours)
- Thunder Bay dwell times continue to reflect limited traffic volumes as shipments to this terminal have slowed in recent weeks.
- The decrease in dwell times at Vancouver for CN and CP may reflect the return to normal service levels following operational disruptions due to the brief work stoppage experienced February 15 – 16.

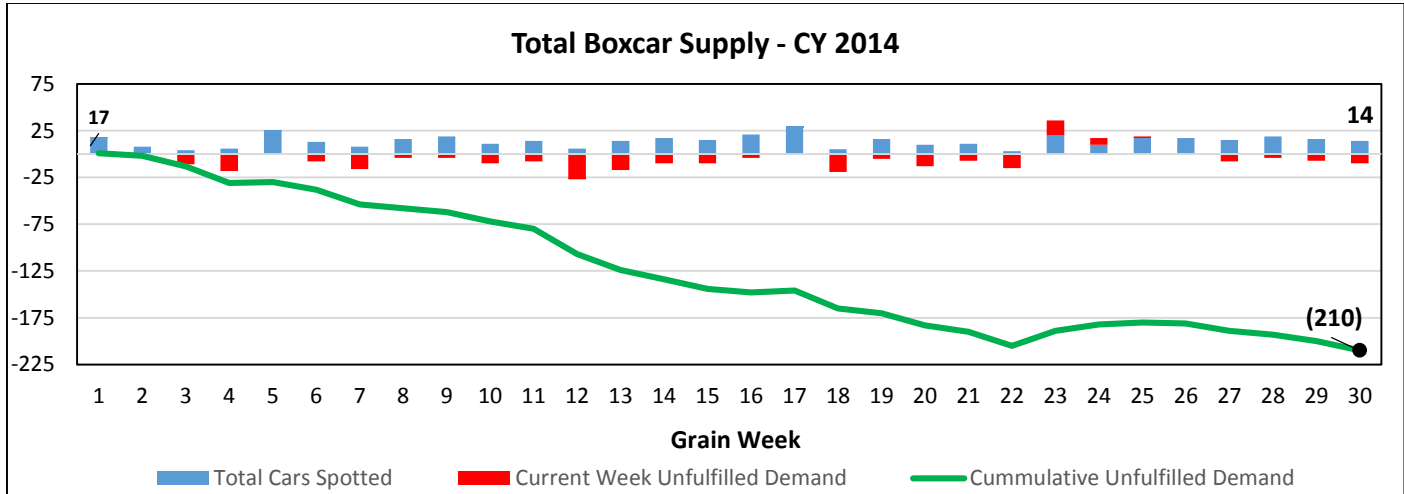
Railway Car Supply Performance for current grain year as of Grain Week 30 (CY 2014)

Crop Year To Date					Average Weekly Performance				
		Customer Demand	Railway Supply	Unfulfilled Demand	Customer Demand	Railway Empty Car Supply			Avg. Weekly Shortfall for Current Week Orders
						Current Week Orders	Prior Week Orders	Total Cars Supplied	
Hopper Cars	CN	116,254	104,331	(11,923)	3,875	1,930	1,654	3,584	(1,945)
	CP	111,290	99,918	(11,372)	3,710	1,008	2,517	3,525	(2,702)
		<b>227,544</b>	<b>204,249</b>	<b>(23,295)</b>	<b>7,585</b>	<b>2,938</b>	<b>4,171</b>	<b>7,109</b>	<b>(4,647)</b>
Boxcars	CN + CP	625	415	(210)	21	14	-	14	(7)

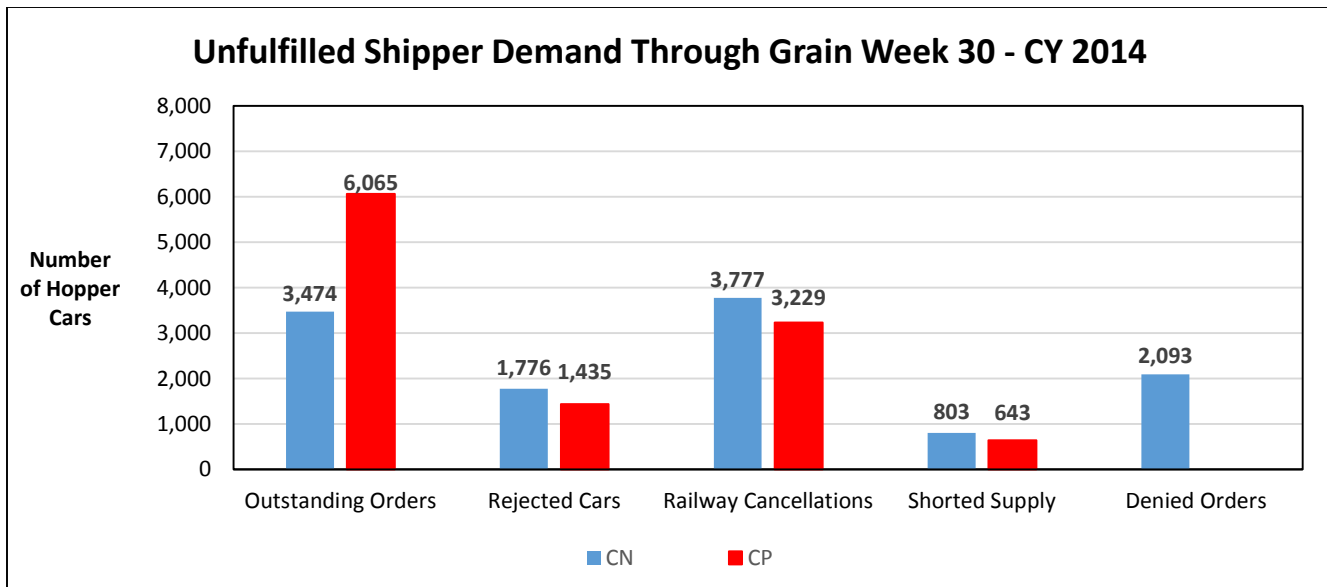


The calculation of total unfulfilled demand for hopper cars represents the accumulated difference across all grain weeks in the year between the number of cars ordered by shippers and the number of cars supplied by the railway for those orders. This total unfulfilled demand therefore represents the volume of missed and deferred shipper orders.

Shipper demand includes all orders placed by shippers in the railways’ car order systems plus orders that have been denied or cancelled by the railways based on car ordering rules imposed on shippers during the current grain year. Supply of railcars reflects total cars supplied excluding cars rejected by shippers as unsuitable for loading due to mechanical or sanitary reasons.

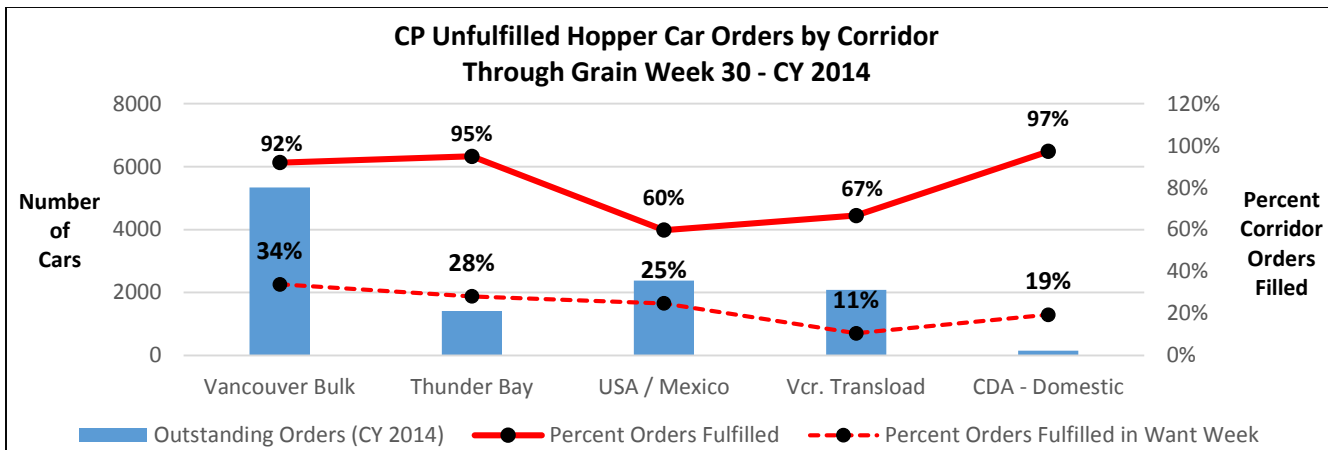
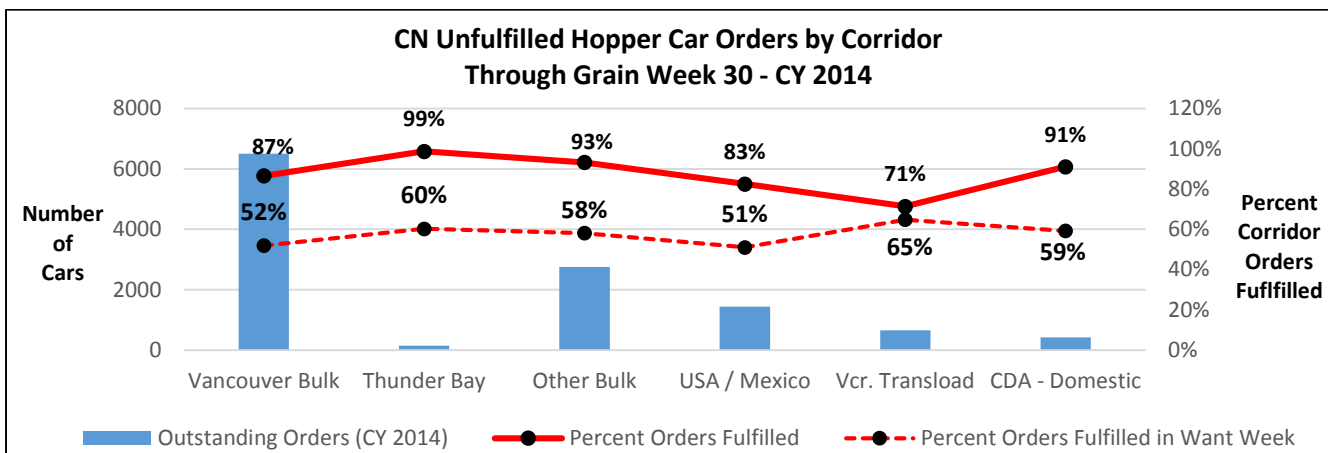


Effective with Grain Week 25 the methodology for calculating the age of outstanding orders has changed. This calculation now excludes all unfulfilled orders related to rejected cars, orders denied by the railways, railway cancellations due to railway car ordering thresholds and orders not completely filled (shorted supply). The chart below provides a breakdown of total unfulfilled shipper demand by category.



Railway Car Supply Performance by Major Corridor – To Grain Week 30 (CY 2014)

	Cars Supplied			Year to Date Unfulfilled Demand		
	CN	CP	Total	CN	CP	Total
Vancouver Bulk	42,030	60,443	102,473	(6,506)	(5,334)	(12,292)
Thunder Bay	11,415	26,330	37,745	(148)	(1,417)	(1,565)
Other Bulk	38,137	-	38,137	(2,757)	-	(2,757)
USA / Mexico	6,772	3,531	10,303	(1,436)	(2,380)	(3,816)
Vancouver Transload	1,628	4,181	5,809	(653)	(2,088)	(2,741)
Canada - Domestic	4,349	5,433	9,782	(423)	(153)	(576)
	<b>104,331</b>	<b>99,918</b>	<b>204,249</b>	<b>(11,923)</b>	<b>(11,372)</b>	<b>(23,295)</b>

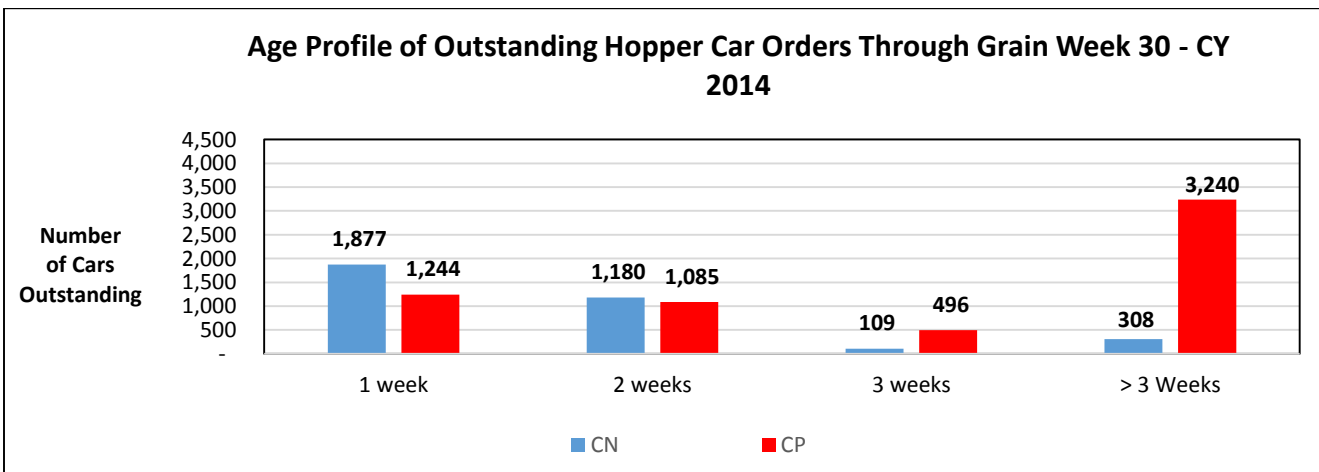
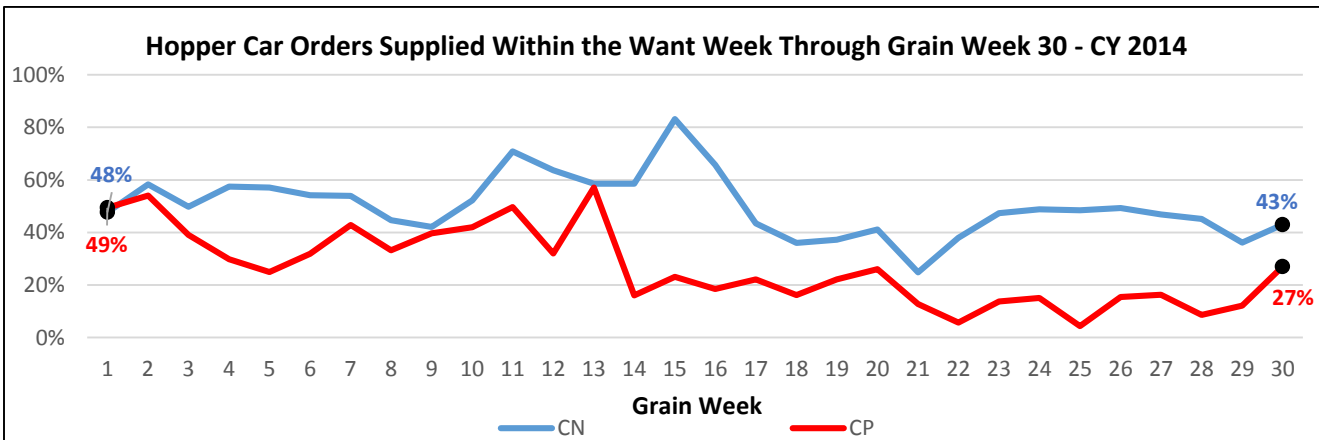
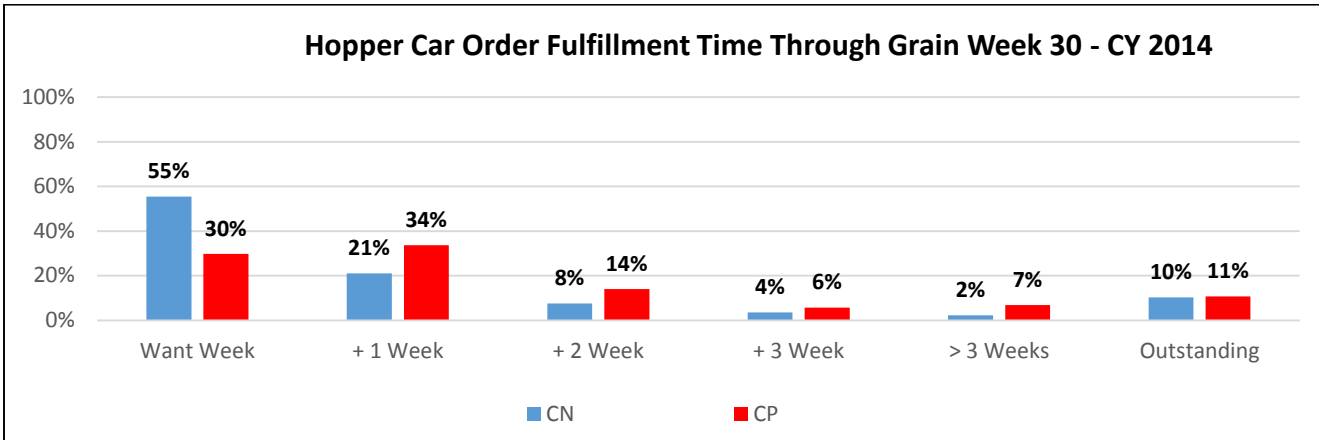


Corridor statistics reflect performance for railway car supply by destination corridor against **current year orders** for each corridor. The number of cars supplied **excludes** cars supplied by the railways during the measurement period that were for prior year orders.

**Timeliness of Railway Car Supply Against Customer Demand**

**Age of Outstanding Orders**

RR	Timeliness of Railway Car Supply Against Customer Demand					Outstanding Orders	Age of Outstanding Orders				Total
	Want Week	+ 1 Week	+ 2 Week	+ 3 Week	> 3 Weeks		1 week	2 weeks	3 weeks	> 3 weeks	
CN	55%	21%	8%	4%	2%	10%	1,877	1,180	109	308	3,474
CP	30%	34%	14%	6%	7%	11%	1,244	1,085	496	3,240	6,065
<b>Total</b>	<b>43%</b>	<b>27%</b>	<b>11%</b>	<b>5%</b>	<b>5%</b>	<b>11%</b>	<b>3,121</b>	<b>2,265</b>	<b>605</b>	<b>3,548</b>	<b>9,539</b>

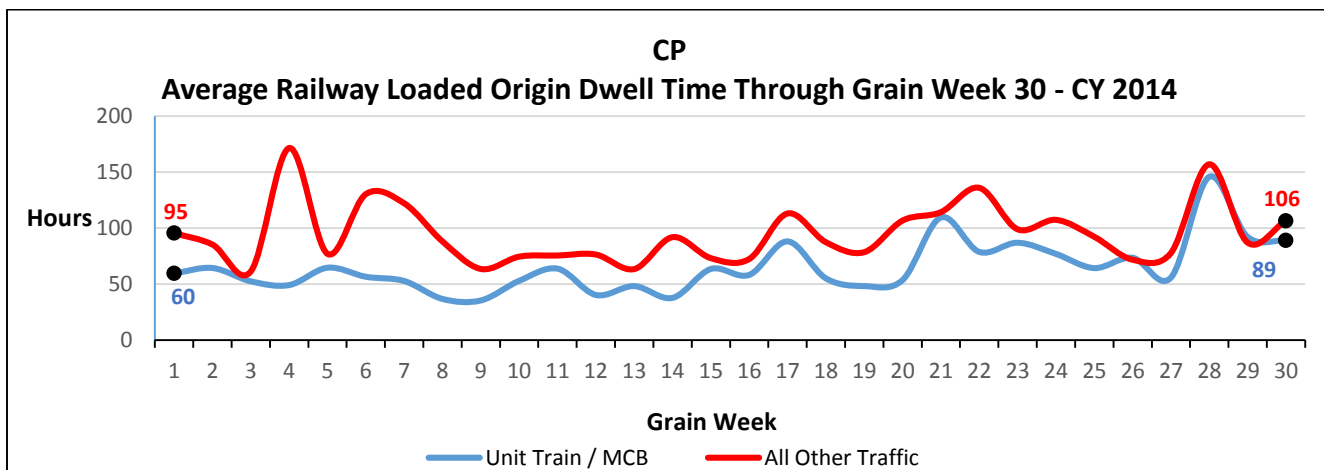
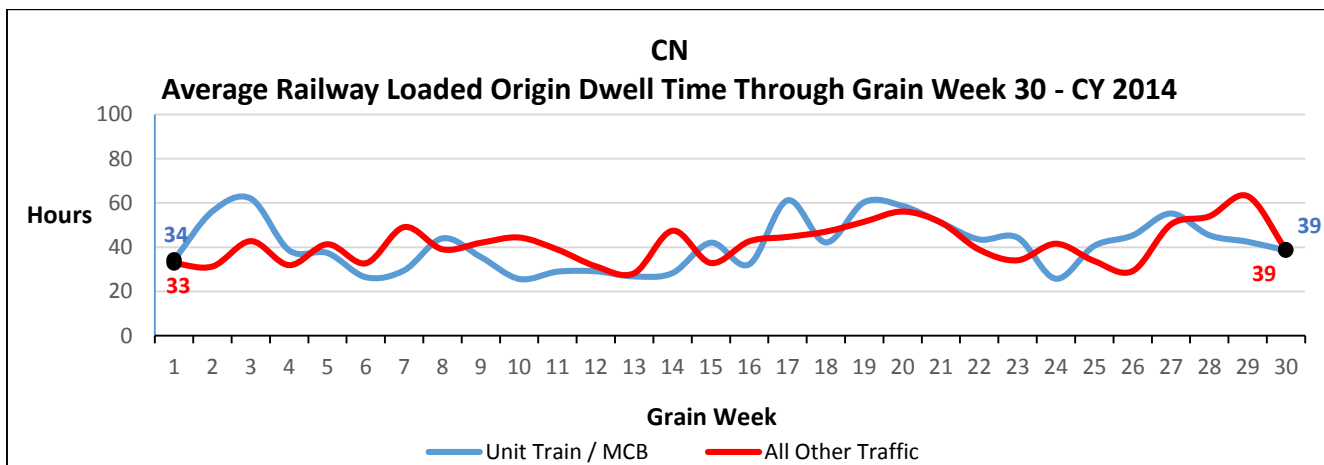


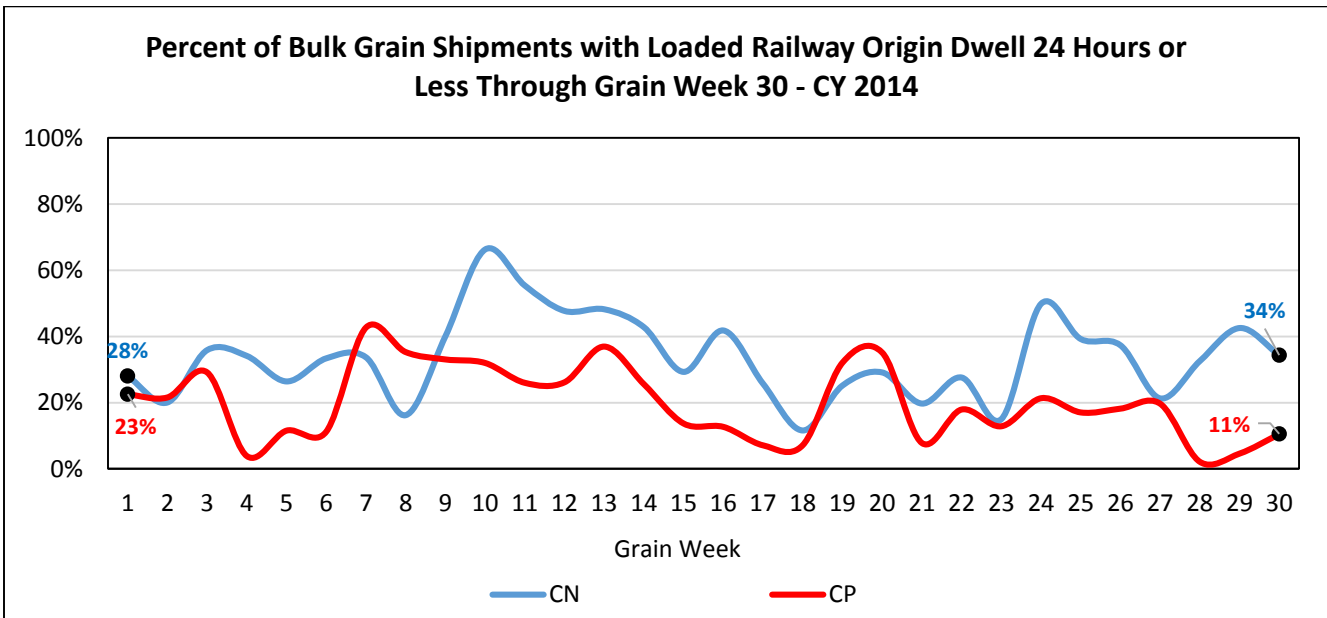
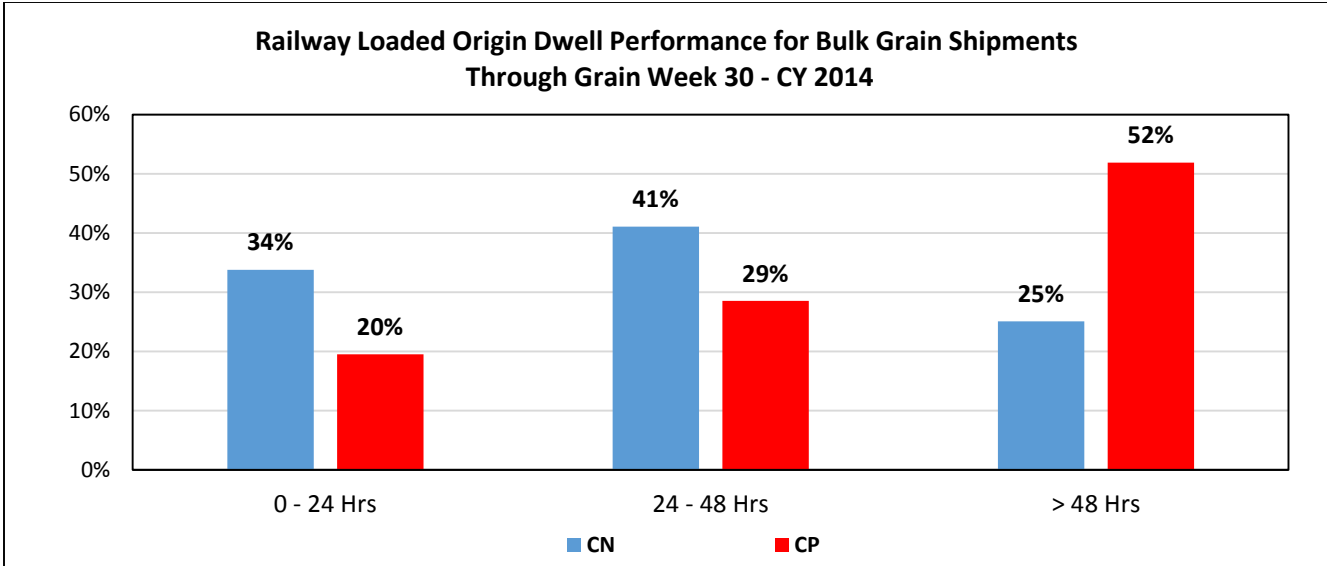
Origin Dwell Performance

Origin dwell time measures the elapsed time from the release of loaded cars by shippers to the time the railways physically pull the cars from a shipper’s siding for movement to destination. Average performance in this area will vary depending on the nature of the shipment.

For bulk grain shippers loading unit trains and multi-car blocks dwell time is generally expected to be 24 hours or less as these shippers load cars within 24 hour windows in order to avoid origin demurrage charges assessed by the railways. Non bulk grain shippers loading less than multi-car blocks will generally have longer dwell times.

The charts below provide a view of origin dwell performance on a weekly basis since the beginning of the current crop year. The last chart looks specifically at origin dwell performance for large multi-car block shippers. Increasing dwell times at country origins negatively impact railcar cycles which in turn impact the ability of the railways to supply empty cars to shippers.





Railway Destination Terminal Dwell Performance

Destination terminal dwell time measures the elapsed time from the time a railcar arrives at the destination railway yard to the time it is placed at the receiver’s facility for unloading. Average performance in this area will vary depending on the nature of the shipment.

Traffic destined to the bulk port terminal at Vancouver for instance is generally placed for unloading on arrival at Vancouver. In contrast traffic destined to transloaders in Vancouver is ordered in by receivers on a car by car basis.

Dwell time ends with the reporting of an actual placement event at the receiver’s facility. The beginning of the dwell measure is initiated by either an arrival at the destination terminal or the constructive placement of a car at the terminal by the railway.

This is not a measure of unloading performance by receivers.



