

Summary

CN and CP supplied 5,119 (58%) of the 8,893 hopper cars ordered for delivery in Grain Week 37. They supplied a further 3,032 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 they can 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 week's unfulfilled demand for hopper cars remains above 25,000 cars for the current grain 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 10,514 orders.

Railway Car Supply – Grain Week 37

- CN spotted 4,227 hopper cars and CP spotted 3,924 hopper cars in the country in Grain Week 37 for a total supply of 8,151 cars – this included 3,032 cars that had been ordered for prior weeks. Grain Week 37 car spotting performance for CN was 14% higher than its YTD weekly average of 3,701 cars whereas CP was 10% higher than its weekly average of 3,557 cars per week.
 - In Grain Week 37 CN and CP supplied 5,119 (58%) of the 8,893 hopper cars ordered for delivery in Grain Week 37 representing a shortfall of 3,774 cars for Grain Week 37 orders.
 - Timeliness of supply in response to customer orders has been consistently poor throughout the course of the crop year for both railways. To date, the railways have supplied 46% of customer orders in the week for which cars were ordered with CN fulfilling 58% of orders and CP 34%.
- Grain Week 37 saw CN (62%) and CP (53%) continue their recently improved performance for spotting of empty cars in the week for which they were ordered. Week over week CN performance declined slightly whereas CP performance improved.
- Through the first 36 weeks of the current crop year, railways have failed to supply 25,735 hopper cars ordered by shippers. This represents a shortfall equivalent to 9% of shipper demand.
 - more than 4,900 customer orders – approximately 47% of unfulfilled orders - have been outstanding for 4 weeks or longer¹
- Boxcar shippers received 63% of cars ordered for Grain Week 37. This is consistent with average performance experienced by these shippers throughout the course of the current grain year.

Corridor Performance

- In Grain Week 37 traffic destined to bulk terminals in Western Canada received a higher percentage (60%) of cars than other corridors. By comparison, non-bulk corridors including the USA/Mexico, Vancouver transload and Canadian domestic corridors received 44% of cars ordered for delivery in Grain Week 37.
- Consistent with the pattern seen throughout the grain year CN (55%) exceeded CP (28%) for supply of hopper cars for non-bulk corridors for orders in Grain Week 37.

¹ Based on net unfulfilled demand – excluding rejections, cancellations and denied orders – of 10,514.

Railway Dwell Times at Country Origins:

- In Grain Week 37, CN's loaded dwell times for multicar block traffic at country origin locations averaged 46 hours while CP's loaded dwell times averaged 85 hours. CN's performance in Grain Week 37 is slightly higher than its YTD average of 40 hours; CP performance in Grain Week 37 showed improvement from the prior week but remains above its weekly average of 67 hours for the current crop year.
 - In the crop year to date, 35% 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. 30% of shipments were picked up within 24 hours.

Railway Dwell Times at Destination Terminals – Grain Week 37:

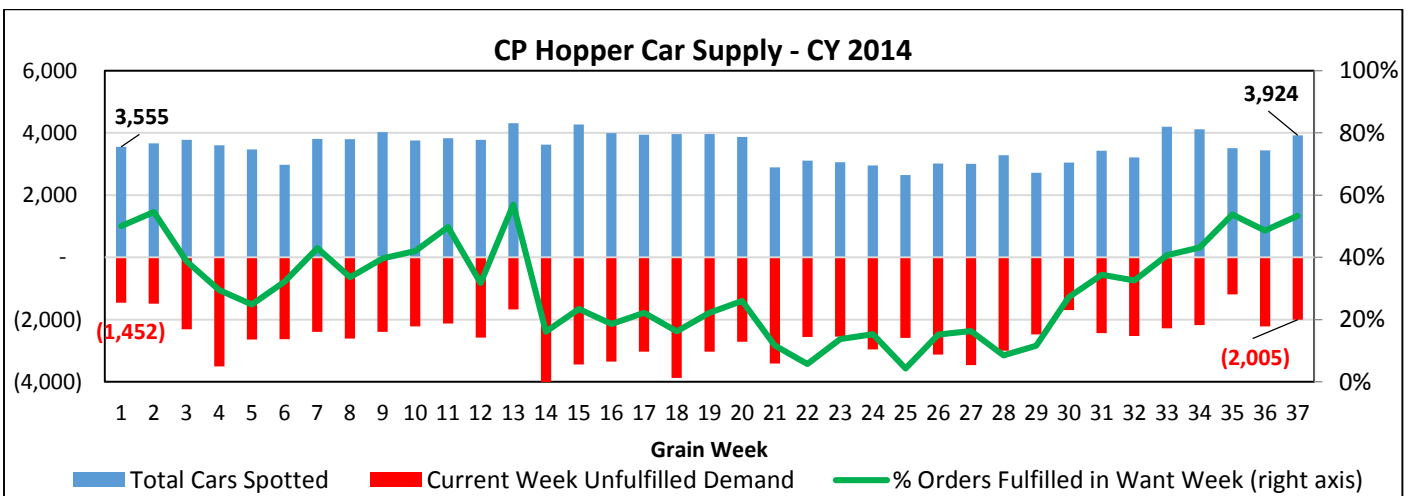
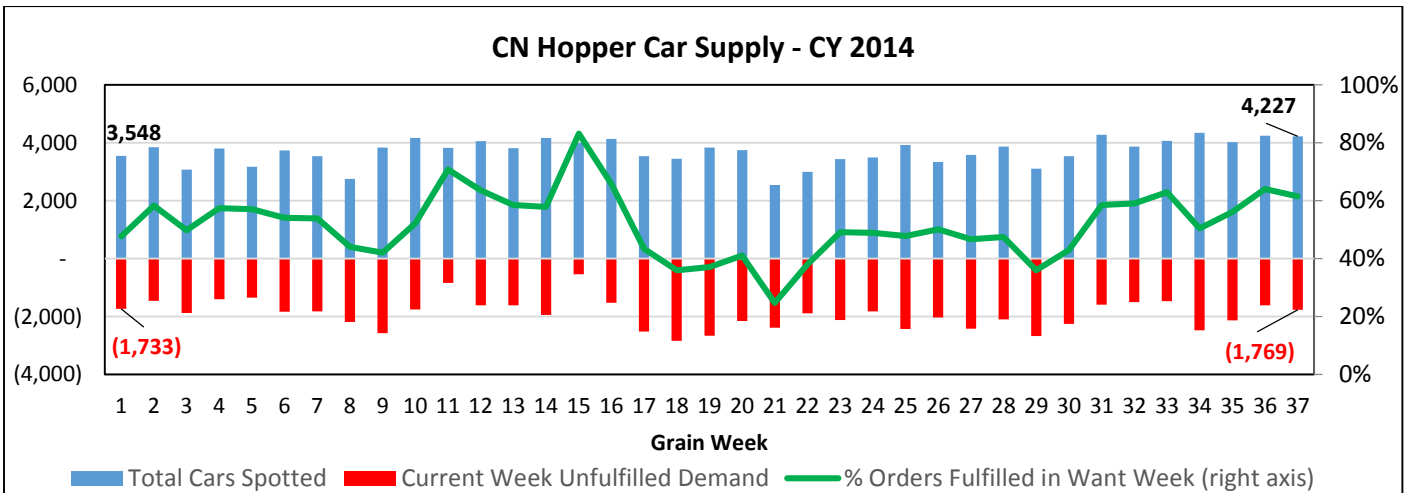
- CN: Thunder Bay (96 hours), Vancouver bulk (25 hours) and Vancouver transload/local (59 hours)
- CP : Thunder Bay (46 hours), Vancouver bulk (28 hours) and Vancouver transload/local (120 hours)
- Thunder Bay traffic volumes have begun to increase significantly beginning in Grain Week 37 reflecting the resumption of shipping season through the port.

Port Terminal Out of Car Time – Grain Week 37

- Port terminal out of car time for Grain Week 36 was:
 - Vancouver north shore (6%); weekly average YTD (21%)
 - Vancouver south shore (12%); weekly average YTD (23%)
 - Prince Rupert (1%); weekly average YTD (10%)

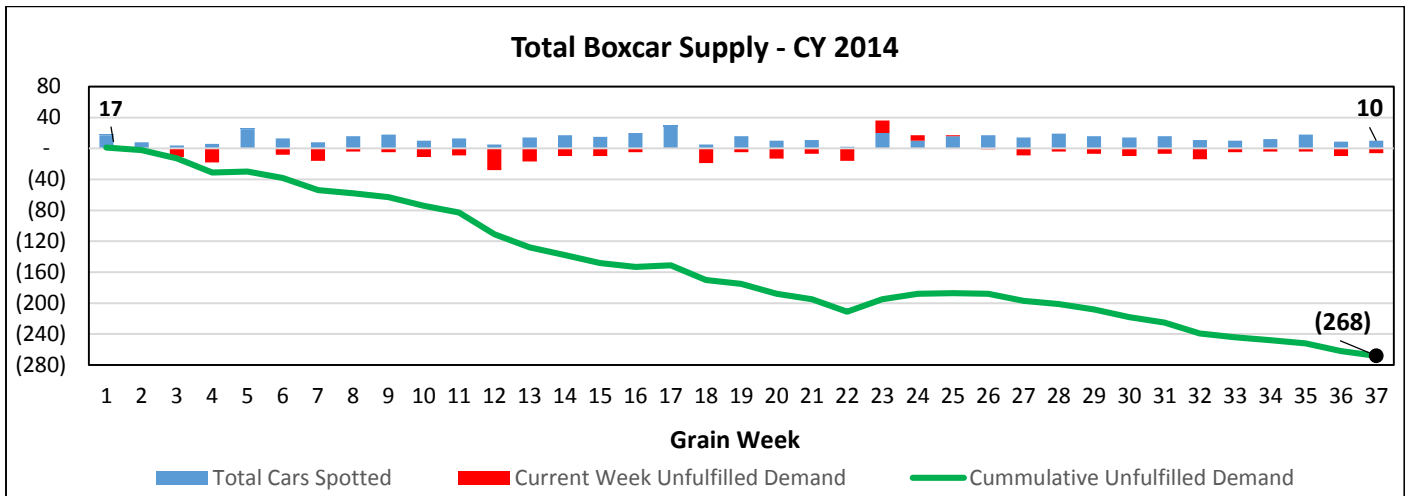
Railway Car Supply Performance for current grain year as of Grain Week 37 (CY 2014)

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	146,877	133,235	(13,642)	3,970	2,054	1,648	3,701	(1,916)
	CP	137,766	125,673	(12,093)	3,723	1,096	2,461	3,557	(2,628)
		284,643	258,908	(25,735)	7,693	3,150	4,109	7,259	(4,543)
Boxcars	CN + CP	761	493	(268)	21	13	-	13	(8)

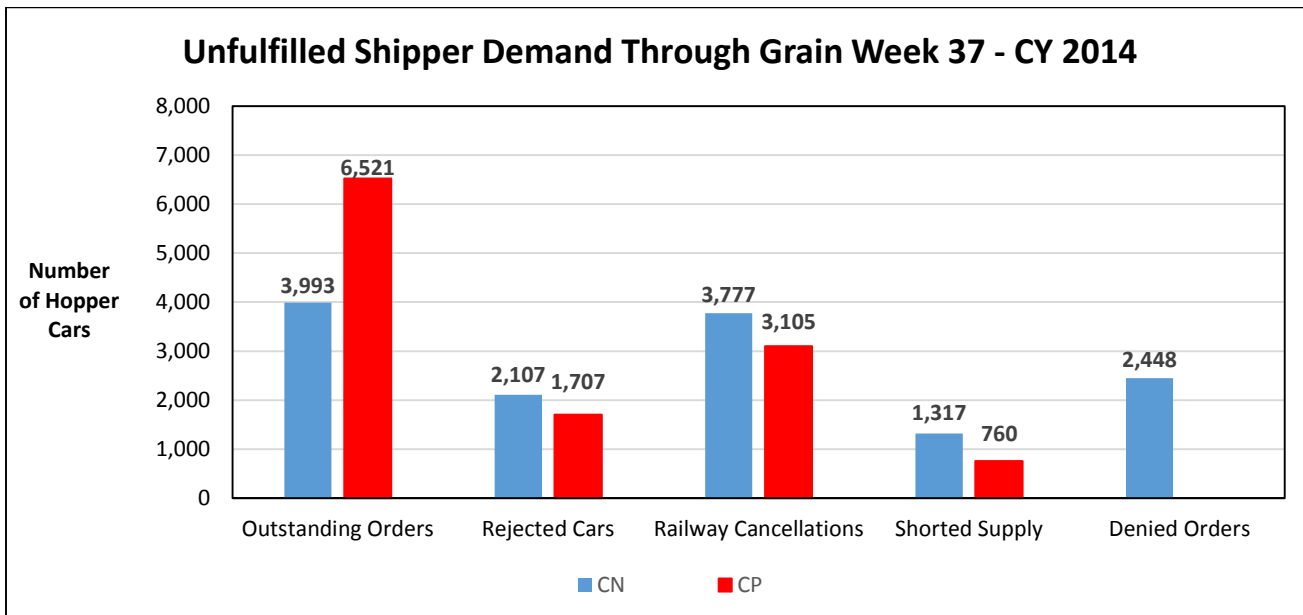


The calculation of total unfulfilled demand for hopper cars represents the accumulated difference across all grain weeks in the year between the number of cars ordered by shippers and the number of cars supplied by the railway for those orders. This total unfulfilled demand therefore represents the volume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

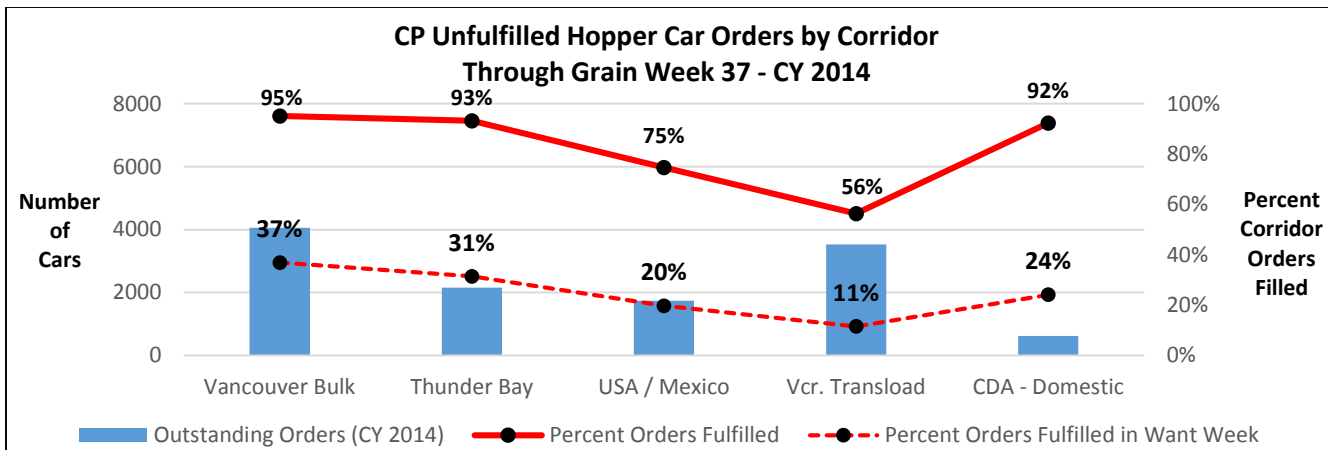
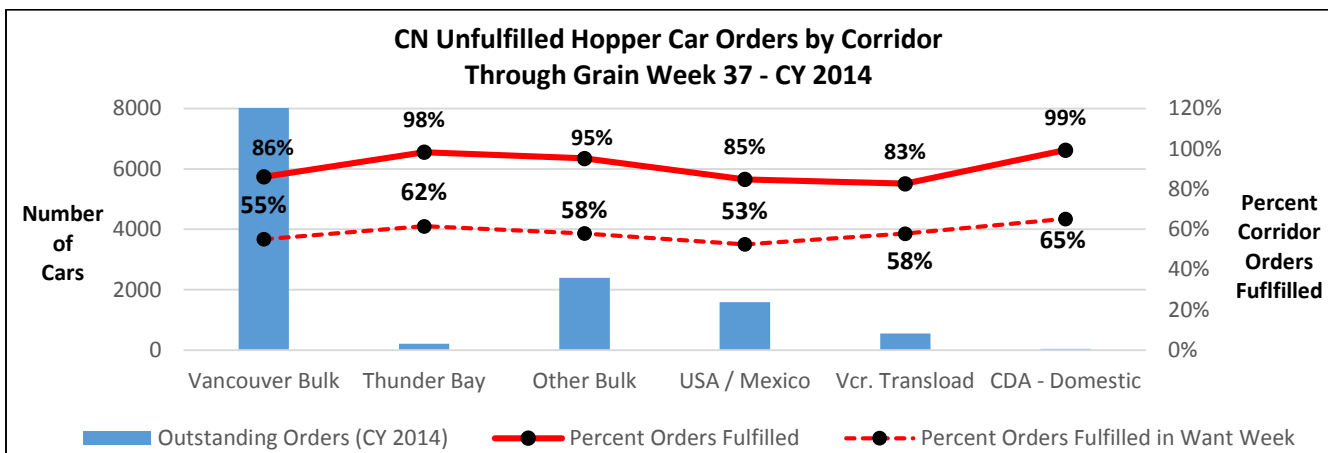


Effective with Grain Week 25 the methodology for calculating the age of outstanding orders has changed. This calculation now excludes all unfulfilled orders related to rejected cars, orders denied by the railways, railway cancellations due to railway car ordering thresholds and orders not completely 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 37 (CY 2014)

	Cars Supplied			Year to Date Unfulfilled Demand		
	CN	CP	Total	CN	CP	Total
Vancouver Bulk	55,101	79,130	134,231	(8,868)	(4,061)	(12,929)
Thunder Bay	12,364	29,445	41,809	(210)	(2,151)	(2,361)
Other Bulk	47,657	-	47,657	(2,389)	-	(2,389)
USA / Mexico	8,904	5,098	14,002	(1,588)	(1,734)	(3,322)
Vancouver Transload	2,605	4,541	7,146	(545)	(3,523)	(4,068)
Canada - Domestic	6,604	7,459	14,063	(42)	(624)	(624)
	133,235	125,673	258,908	(13,642)	(12,093)	(25,693)

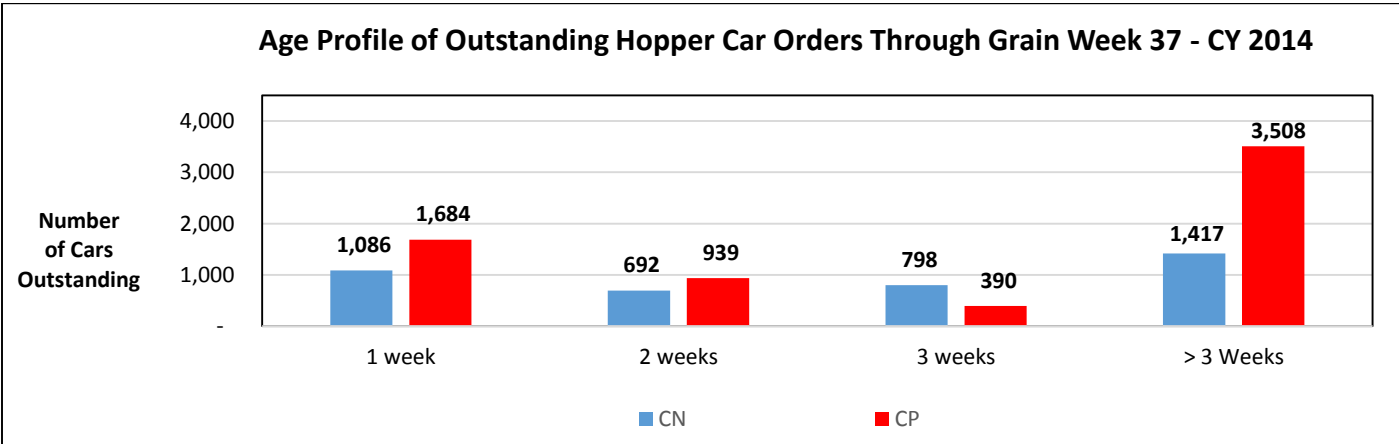
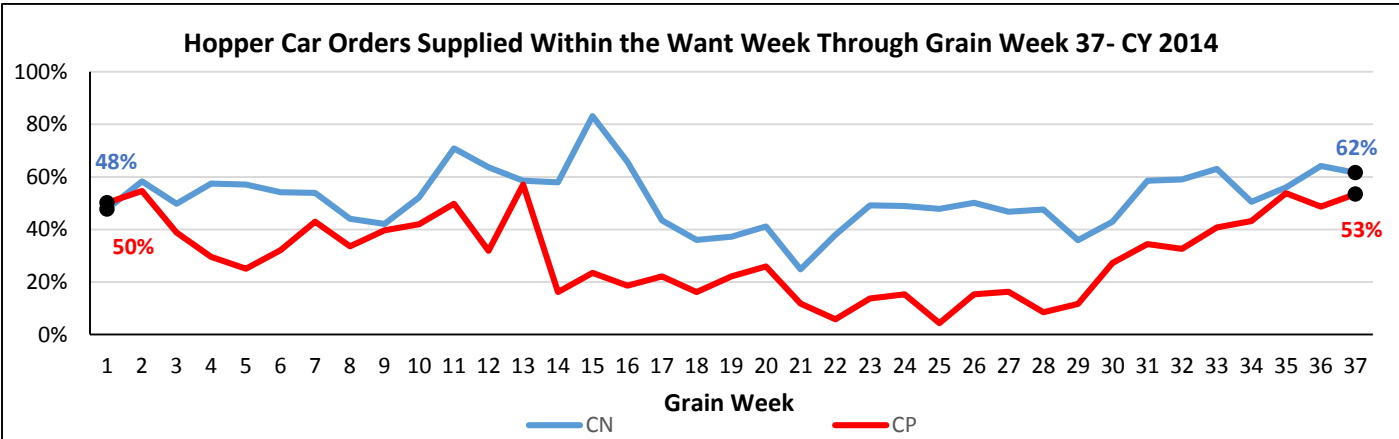
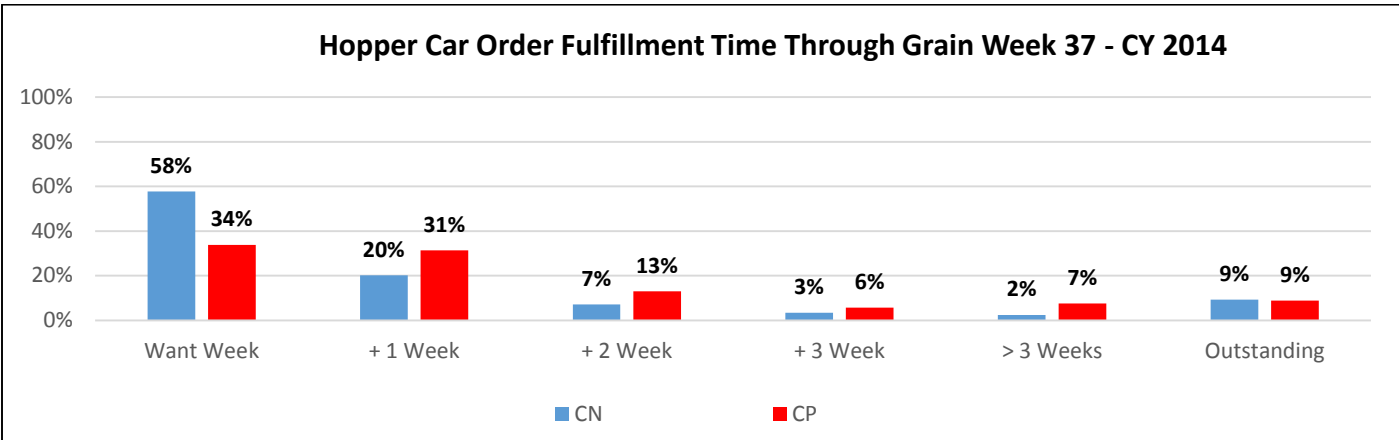


Corridor statistics reflect performance for railway car supply by destination corridor against **current year orders** for each corridor. The number of cars supplied **excludes** cars supplied by the railways during the measurement period that were for prior year orders.

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				
	Want Week	+ 1 Week	+ 2 Week	+ 3 Week	> 3 Weeks		1 week	2 weeks	3 weeks	> 3 weeks	Total
CN	58%	20%	7%	3%	2%	9%	1,086	692	798	1,417	3,993
CP	34%	31%	13%	6%	7%	9%	1,684	939	390	3,508	6,521
Total	46%	26%	10%	5%	5%	9%	2,770	1,631	1,188	4,925	10,514

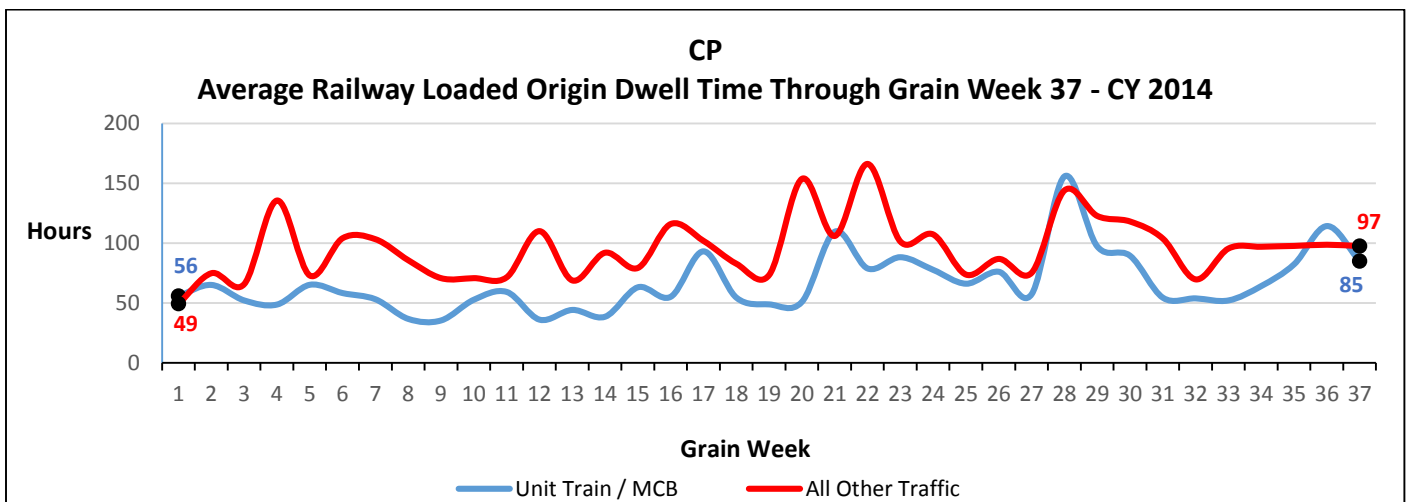
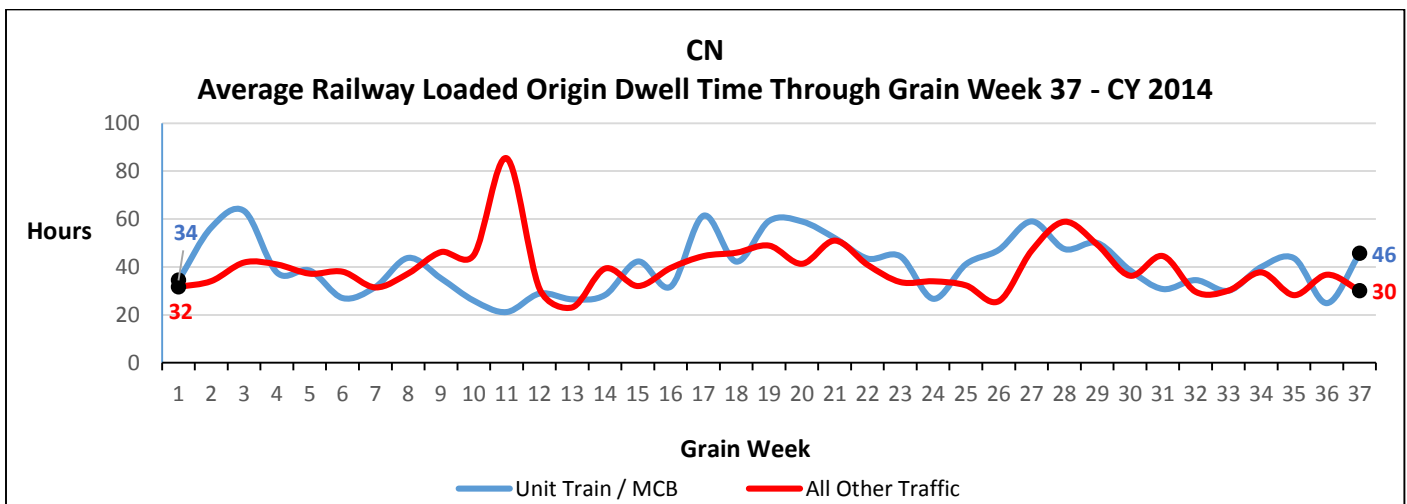


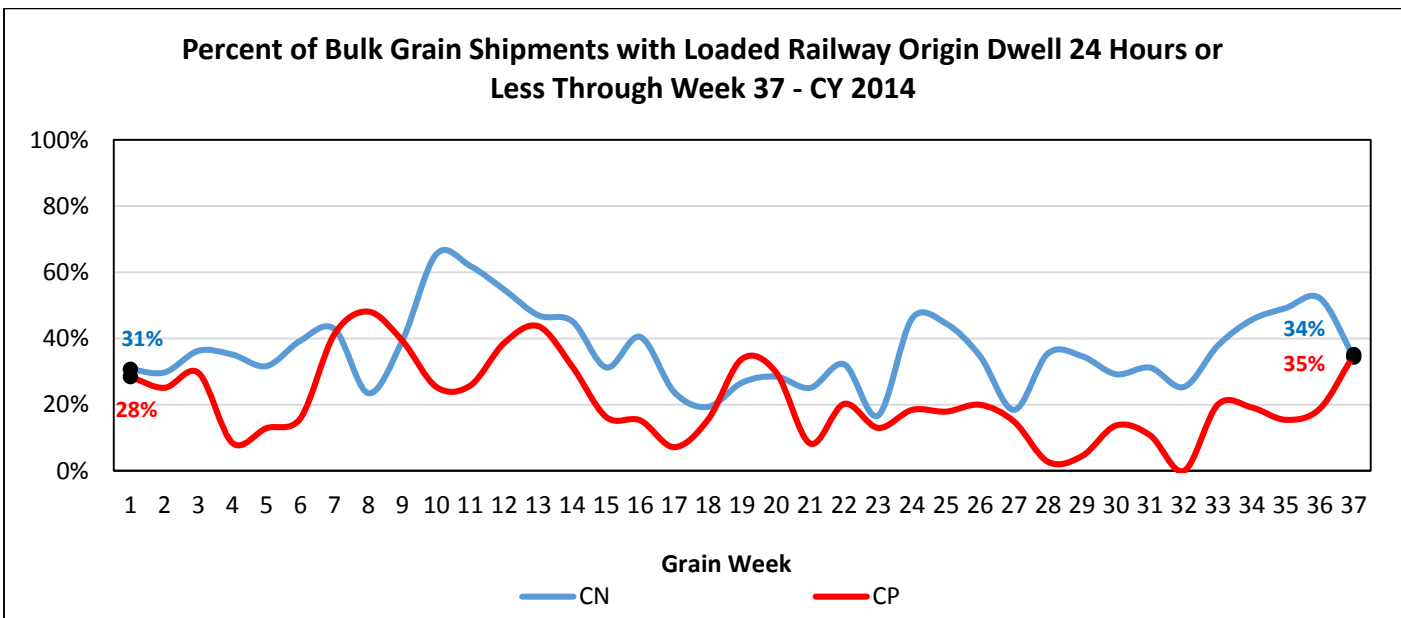
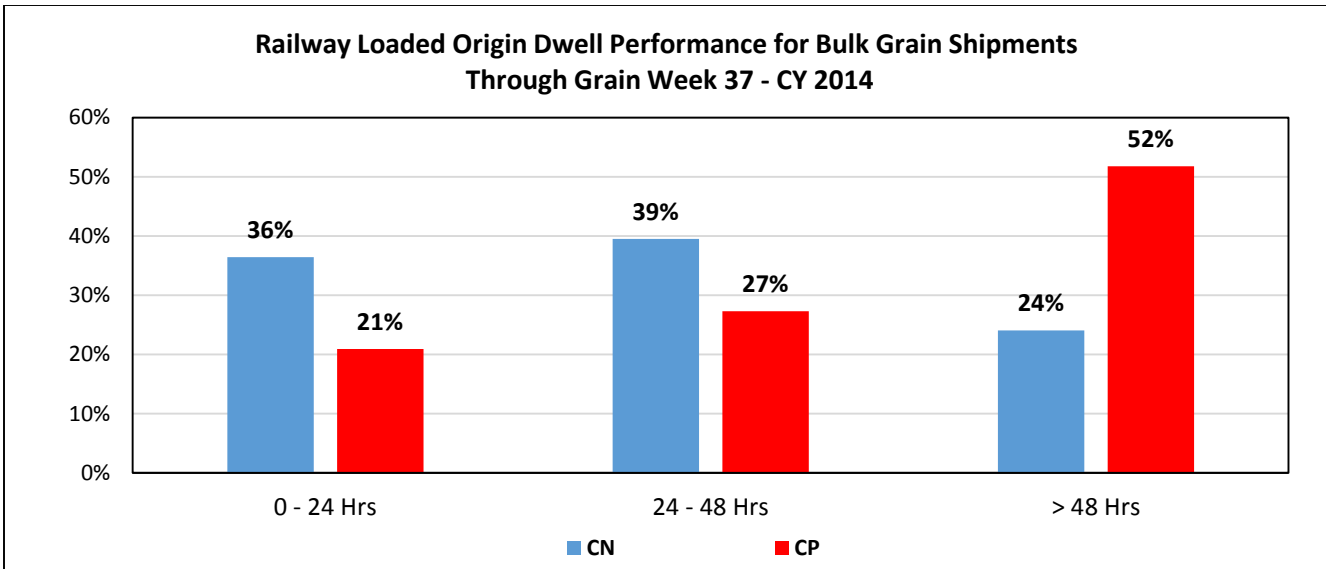
Origin Dwell Performance

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.





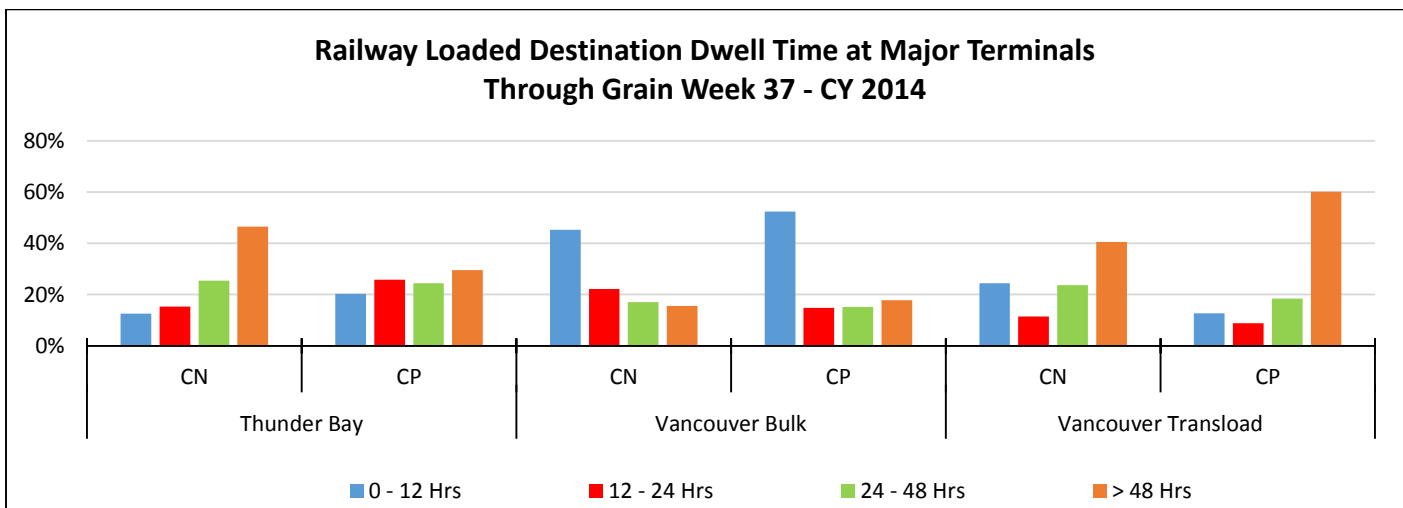
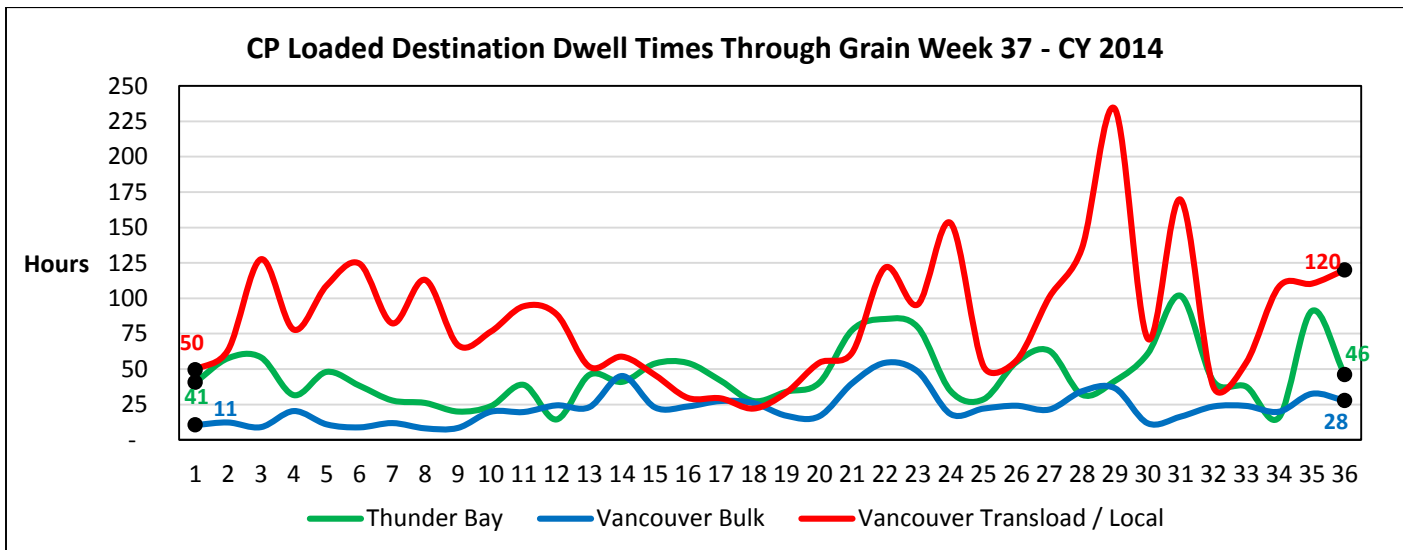
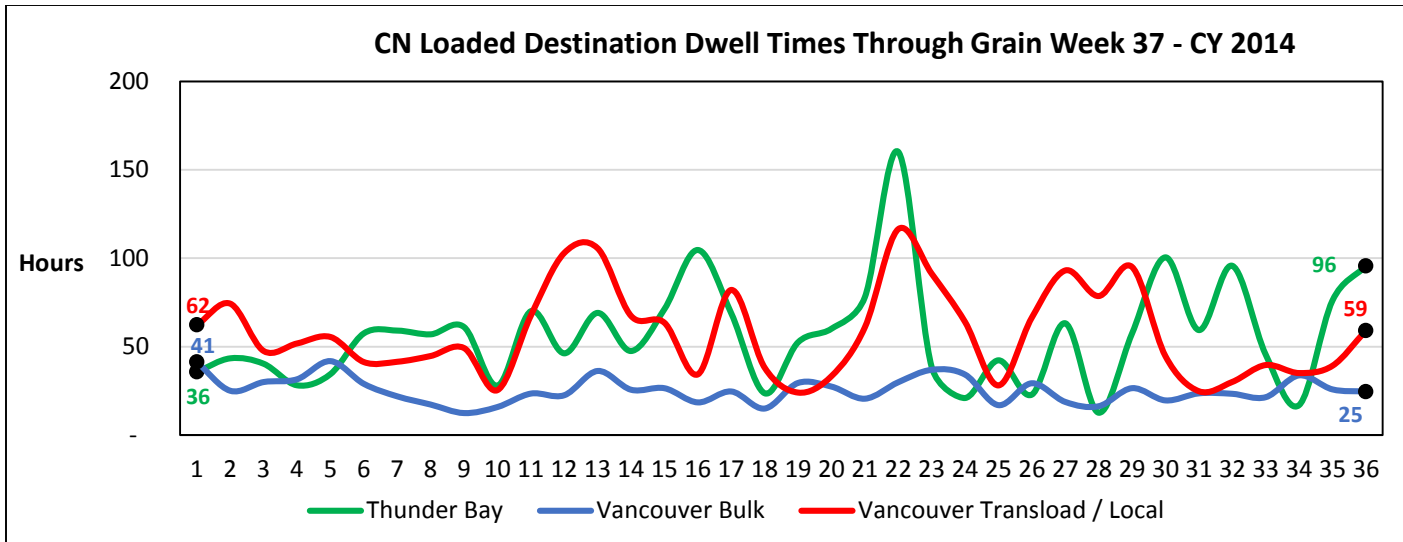
Railway Destination Terminal Dwell Performance

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.



Port Terminal – Out of Car Time

This measure identifies the percentage of working time that bulk grain port terminals do not have rail cars available for unloading resulting in lost productivity. This performance measure is provided for the five major terminals located at Vancouver and Ridley Terminals at Prince Rupert.

Vancouver performance is segregated between north shore and south shore terminals as each is served exclusively by one railway - CN (north shore) or CP (south shore). The reporting of performance begins with grain week 18 of the current crop year as this is the point in time when all Vancouver terminals began reporting data.

