

## Summary

CN and CP supplied 4,894 (51%) of the 9,632 hopper cars ordered for delivery in Grain Week 38. They supplied a further 3,470 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 is now above 26,000 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 10,620 orders.

### Railway Car Supply – Grain Week 38

- CN spotted 4,021 hopper cars and CP spotted 4,343 hopper cars in the country in Grain Week 38 for a total supply of 8,364 cars – this included 3,470 cars that had been ordered for prior weeks. Grain Week 38 car spotting performance for CN was 8% higher than its YTD weekly average of 3,721 cars whereas CP was 20% higher than its weekly average of 3,584 cars per week.
  - In Grain Week 38 CN and CP supplied 4,894 (51%) of the 9,632 hopper cars ordered for delivery in Grain Week 38 representing a shortfall of 4,738 cars for Grain Week 38 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 47% of customer orders in the week for which cars were ordered with CN supplying 58% and CP supplying 35%.
- Grain Week 38 saw CN (54%) and CP (48%) performance deteriorate somewhat from the prior week with respect to spotting of empty cars in the week for which they were ordered.
- Through the first 38 weeks of the current crop year, railways have failed to supply 26,542 hopper cars ordered by shippers. This represents a shortfall equivalent to 9% of shipper demand.
  - more than 4,800 customer orders – approximately 47% of unfulfilled orders - have been outstanding for 4 weeks or longer<sup>1</sup>
- Boxcar shippers received double their order volumes in Grain Week 38 reflecting late spotting of prior week orders. Total order fulfillment performance for the current grain year remains at 67% of shipper demand.

### Corridor Performance

- In Grain Week 38 traffic destined to bulk terminals in Western Canada received a higher percentage (51%) 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 38.
- Consistent with the pattern seen throughout the grain year CN (59%) far exceeded CP (10%) for supply of hopper cars for non-bulk corridors for orders in Grain Week 38.

### Railway Dwell Times at Country Origins:

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<sup>1</sup> Based on net unfulfilled demand – excluding rejections, cancellations and denied orders – of 10,620.

- In Grain Week 38, CN's loaded dwell times for multicar block traffic at country origin locations averaged 33 hours while CP's loaded dwell times averaged 69 hours. CN's performance in Grain Week 38 is lower than its YTD average of 40 hours; CP performance in Grain Week 38 showed improvement from the prior week and is in line with 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 38:**

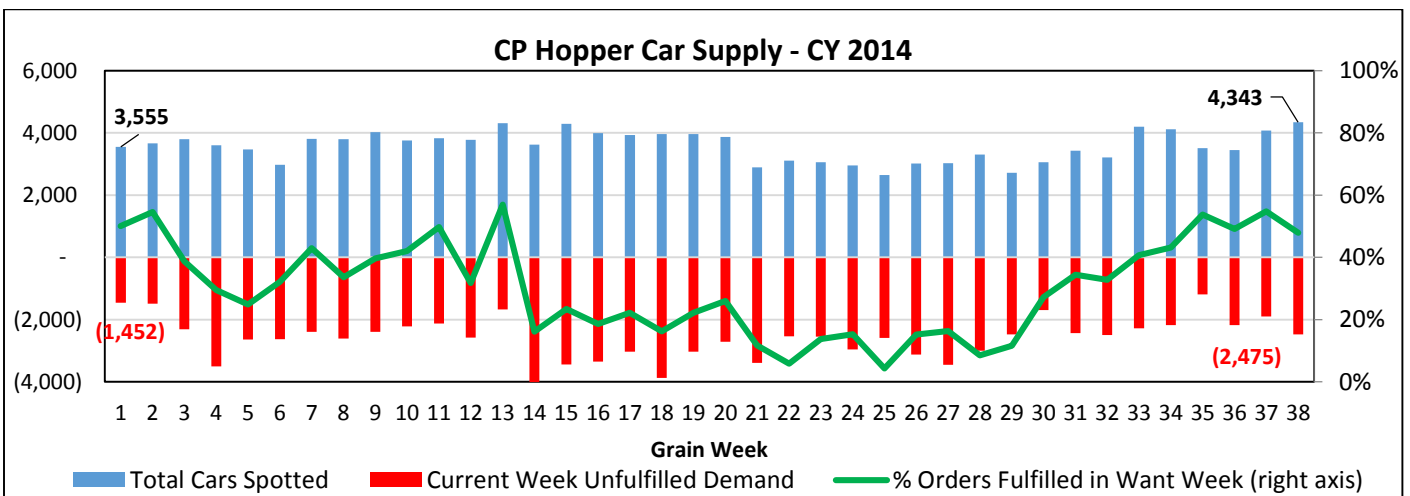
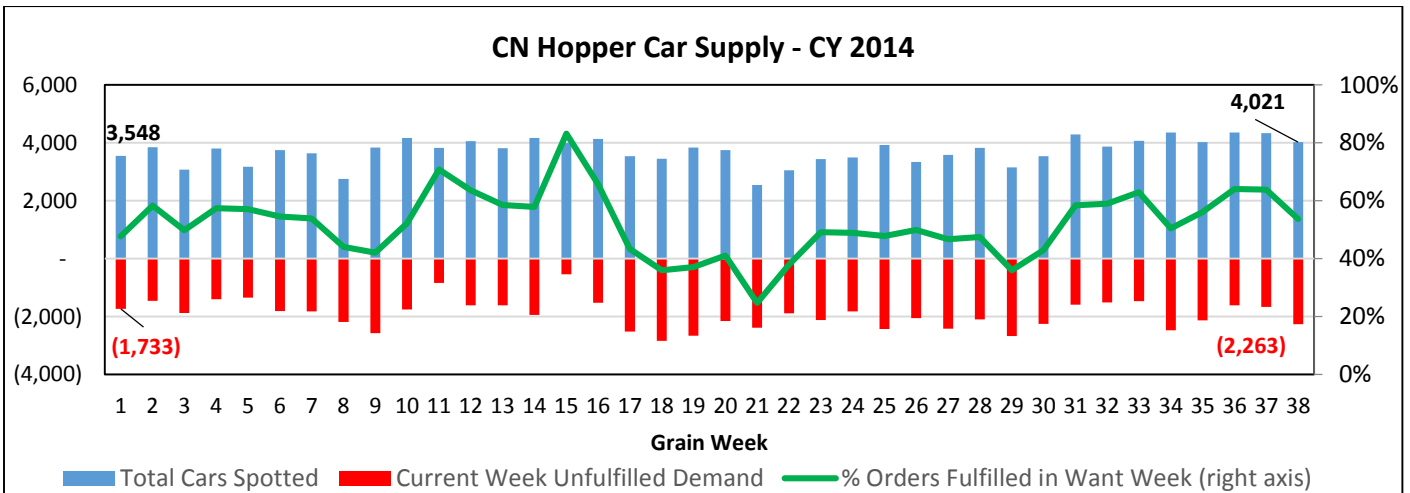
- CN: Thunder Bay (46 hours), Vancouver bulk (25 hours) and Vancouver transload/local (30 hours)
- CP : Thunder Bay (33 hours), Vancouver bulk (43 hours) and Vancouver transload/local (119 hours)
- Thunder Bay traffic volumes have begun increase significantly beginning in Grain Week 37 and continue to increase reflecting the resumption of shipping season through the port.

**Port Terminal Out of Car Time – Grain Week 38**

- Port terminal out of car time for Grain Week 36 was:
  - Vancouver north shore (20%); weekly average YTD (21%)
  - Vancouver south shore (14%); weekly average YTD (23%)
  - Prince Rupert (1%); weekly average YTD (9%)

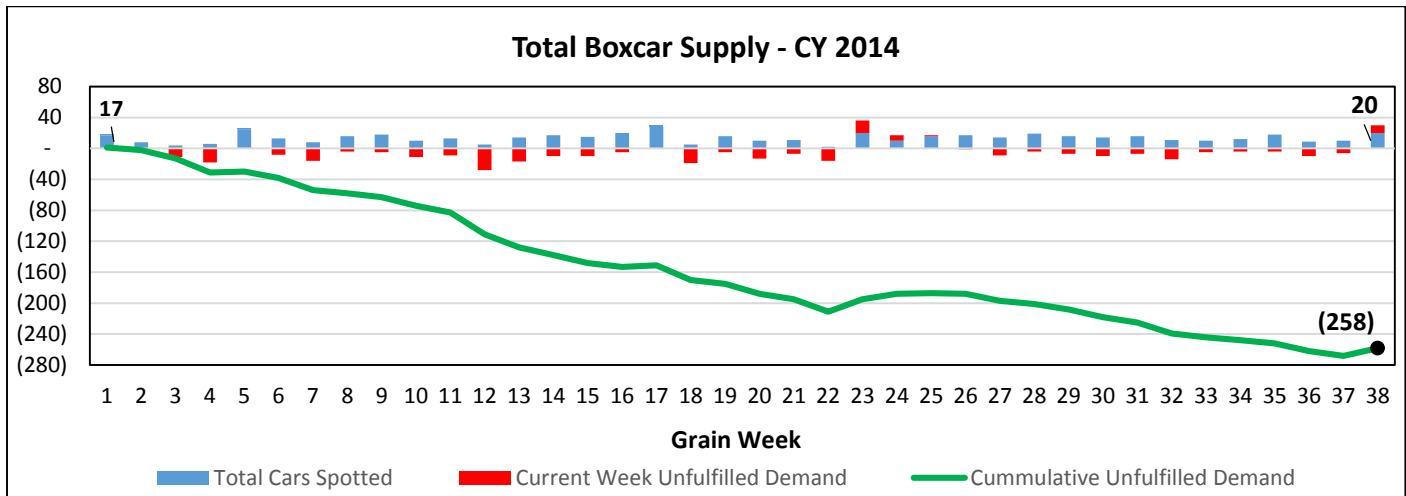
Railway Car Supply Performance for current grain year as of Grain Week 38 (CY 2014)

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	151,782	137,618	(14,164)	3,994	2,072	1,649	3,721	(1,922)
	CP	142,307	129,929	(12,378)	3,745	1,159	2,426	3,584	(2,586)
		<b>294,089</b>	<b>267,547</b>	<b>(26,542)</b>	<b>7,739</b>	<b>3,230</b>	<b>4,075</b>	<b>7,305</b>	<b>(4,509)</b>
Boxcars	CN + CP	771	513	(258)	21	13	-	13	(8)

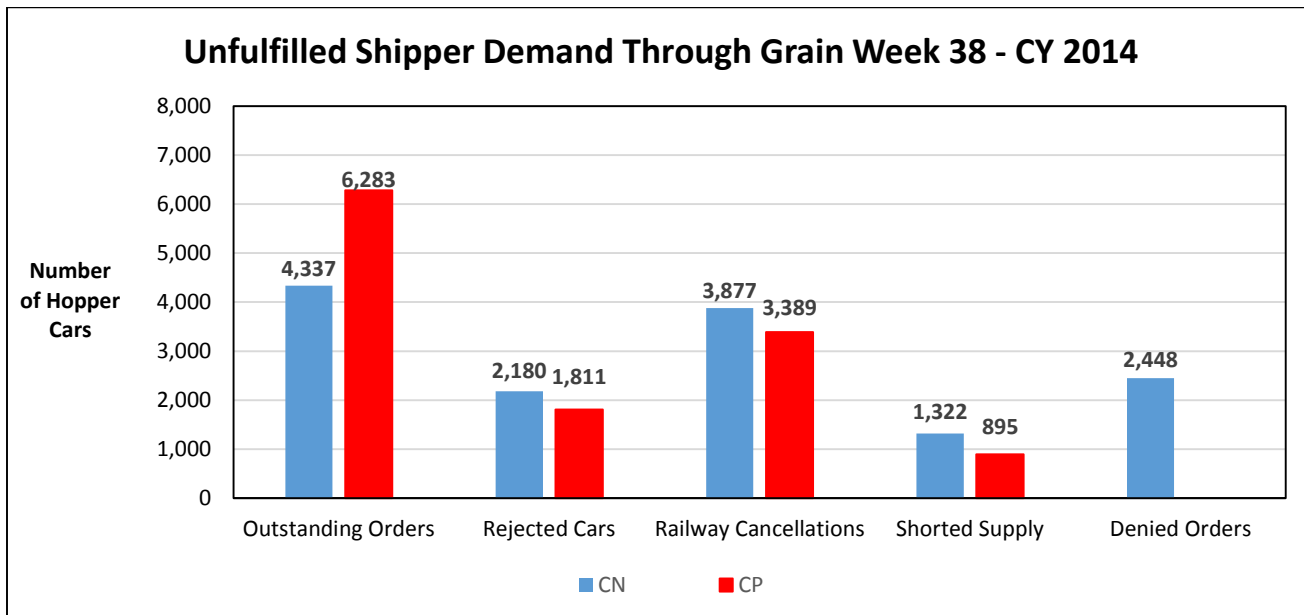


The calculation of total unfulfilled demand for hopper cars represents the accumulated difference across all grain weeks in the year between the number of cars ordered by shippers and the number of cars supplied by the railway for those orders. This total unfulfilled demand therefore represents the volume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

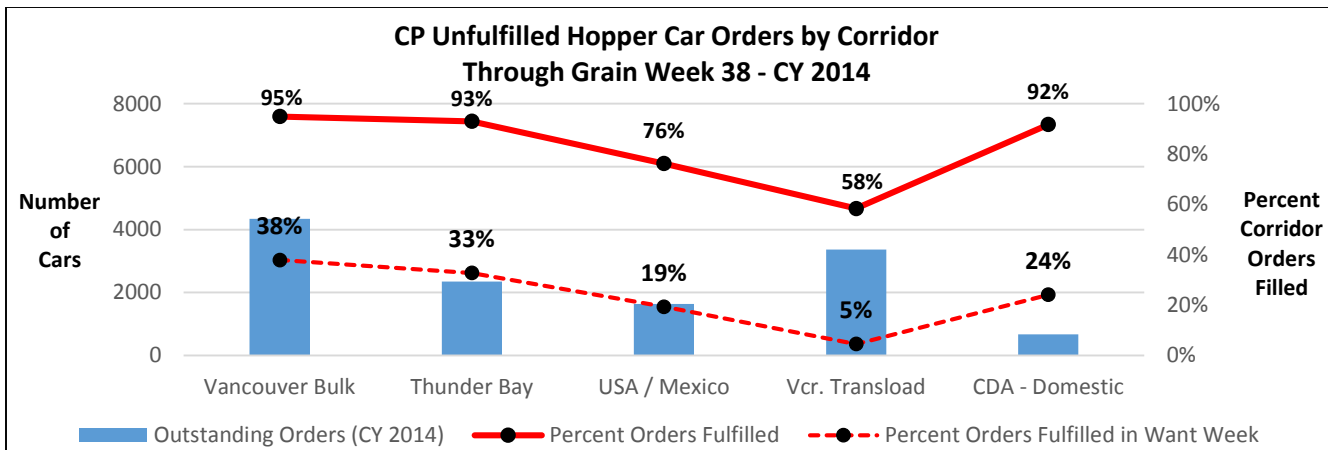
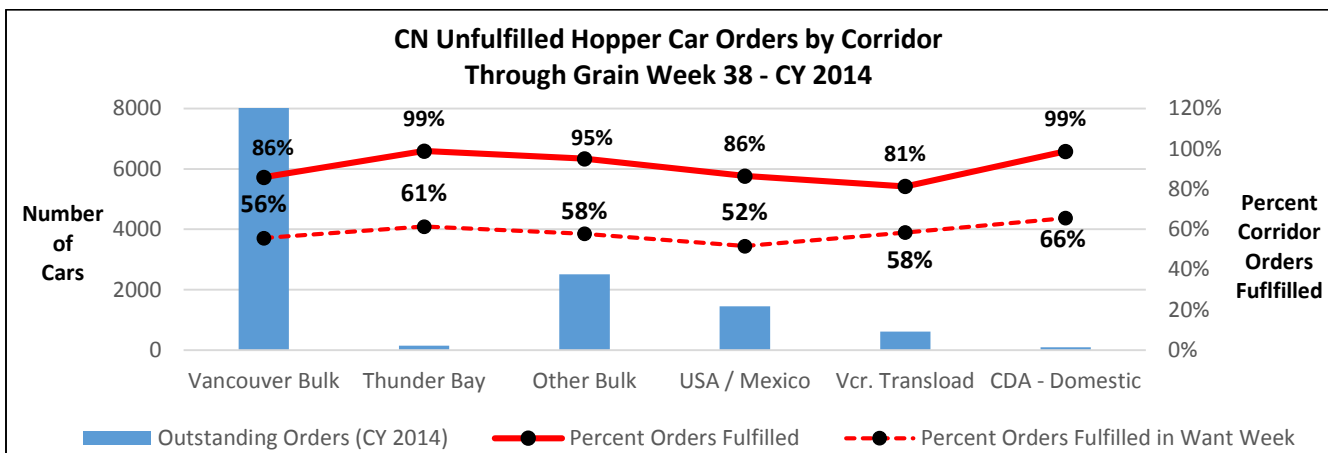


Effective with Grain Week 25 the methodology for calculating the age of outstanding orders has changed. This calculation now excludes all unfulfilled orders related to rejected cars, orders denied by the railways, railway cancellations due to railway car ordering thresholds and orders not completely 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 38 (CY 2014)

	Cars Supplied			Year to Date Unfulfilled Demand		
	CN	CP	Total	CN	CP	Total
Vancouver Bulk	57,070	81,236	138,306	(9,370)	(4,346)	(13,716)
Thunder Bay	13,080	31,254	44,334	(140)	(2,351)	(2,491)
Other Bulk	48,848	-	48,848	(2,508)	-	(2,508)
USA / Mexico	9,278	5,253	14,531	(1,453)	(1,637)	(3,090)
Vancouver Transload	2,632	4,720	7,352	(605)	(3,369)	(3,974)
Canada - Domestic	6,710	7,466	14,176	(88)	(675)	(763)
	<b>137,618</b>	<b>129,929</b>	<b>267,547</b>	<b>(14,164)</b>	<b>(12,378)</b>	<b>(26,542)</b>

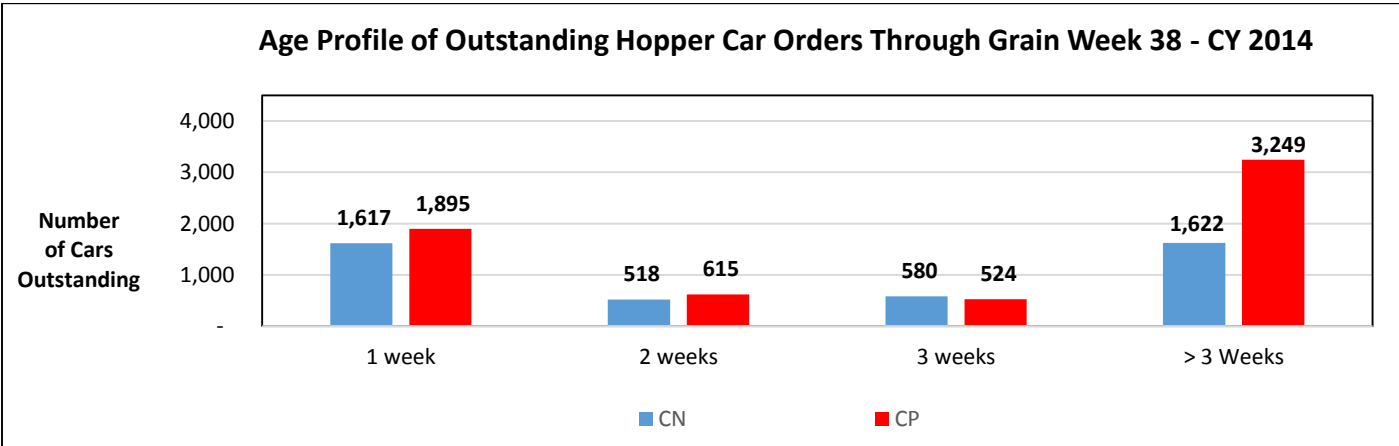
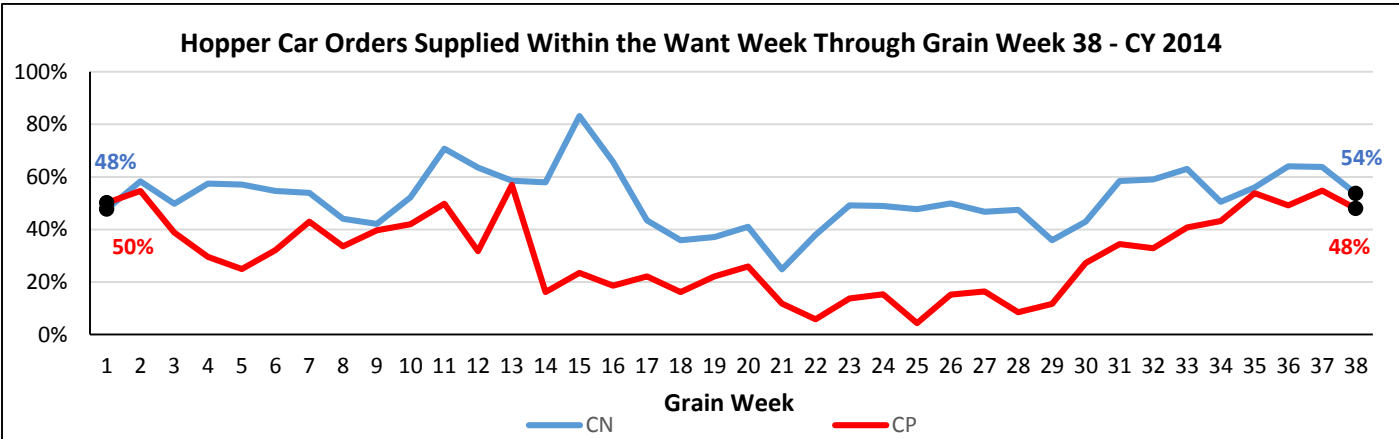
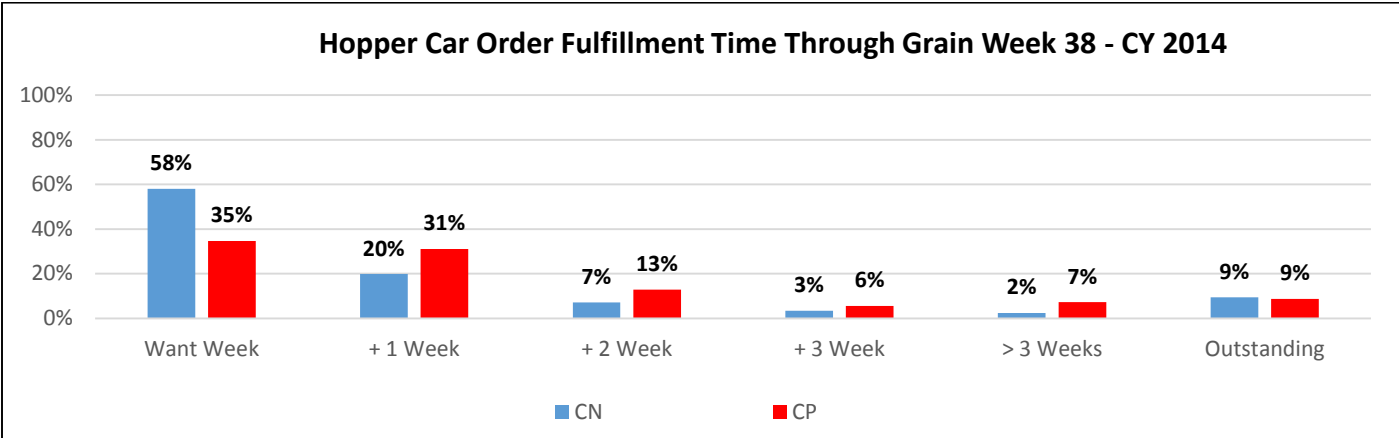


Corridor statistics reflect performance for railway car supply by destination corridor against **current year orders** for each corridor. The number of cars supplied **excludes** cars supplied by the railways during the measurement period that were for prior year orders.

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

**Age of Outstanding Orders**

RR	Want Week	+ 1 Week	+ 2 Week	+ 3 Week	> 3 Weeks	Outstanding Orders	Age of Outstanding Orders				Total
							1 week	2 weeks	3 weeks	> 3 weeks	
CN	58%	20%	7%	3%	2%	9%	1,617	518	580	1,622	4,337
CP	35%	31%	13%	6%	7%	9%	1,895	615	524	3,249	6,283
<b>Total</b>	<b>47%</b>	<b>25%</b>	<b>10%</b>	<b>4%</b>	<b>5%</b>	<b>9%</b>	<b>3,512</b>	<b>1,133</b>	<b>1,104</b>	<b>4,871</b>	<b>10,620</b>

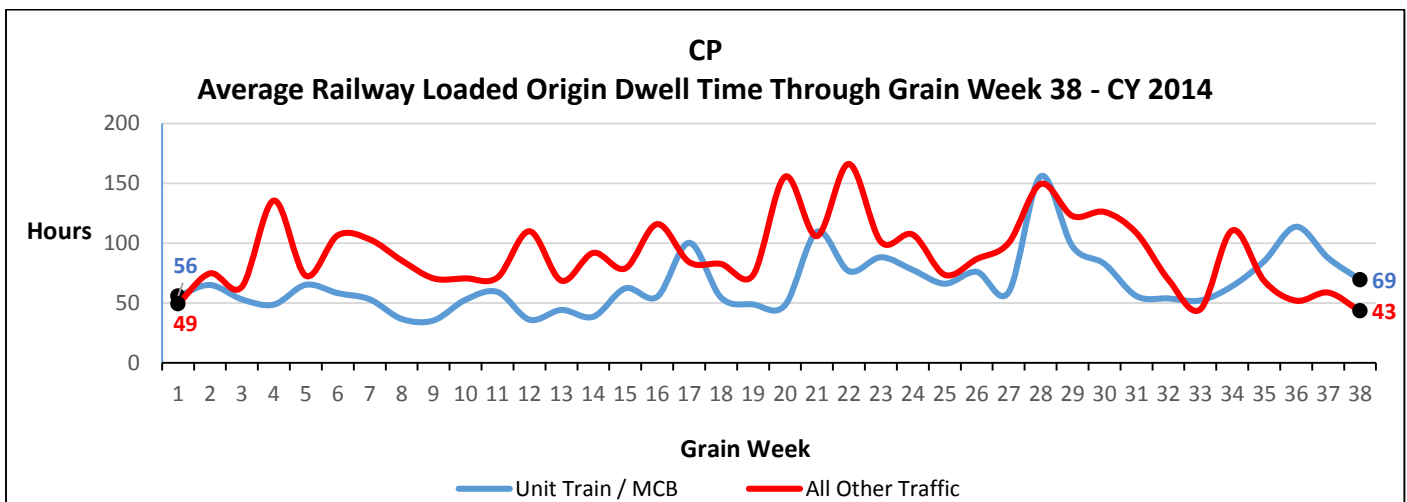
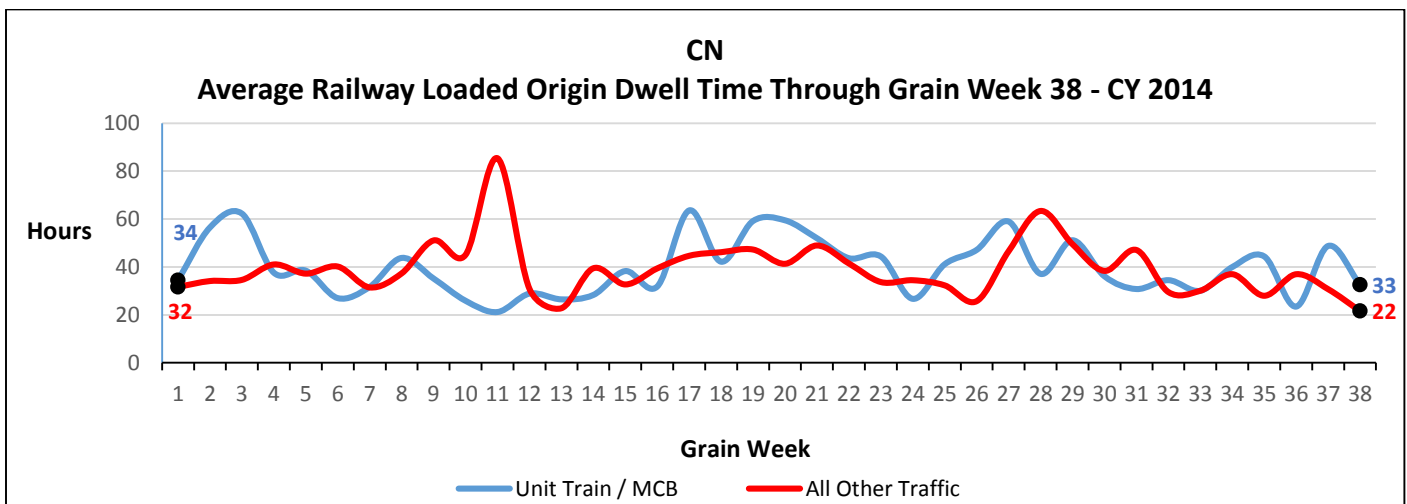


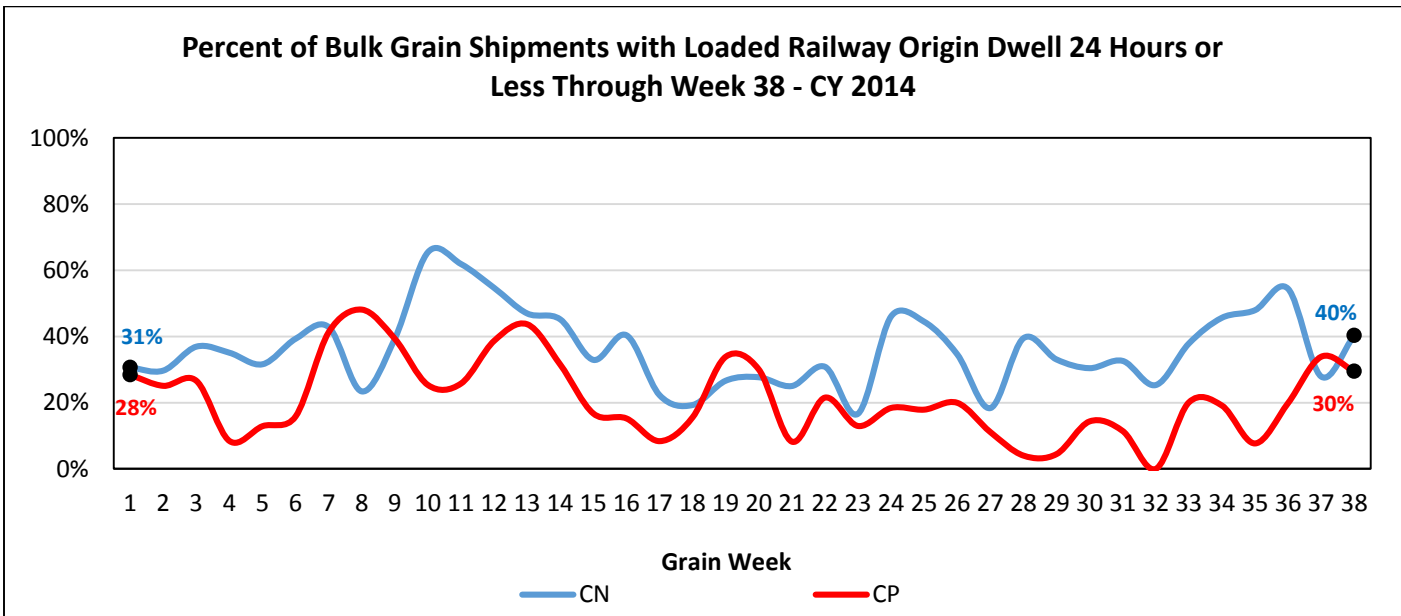
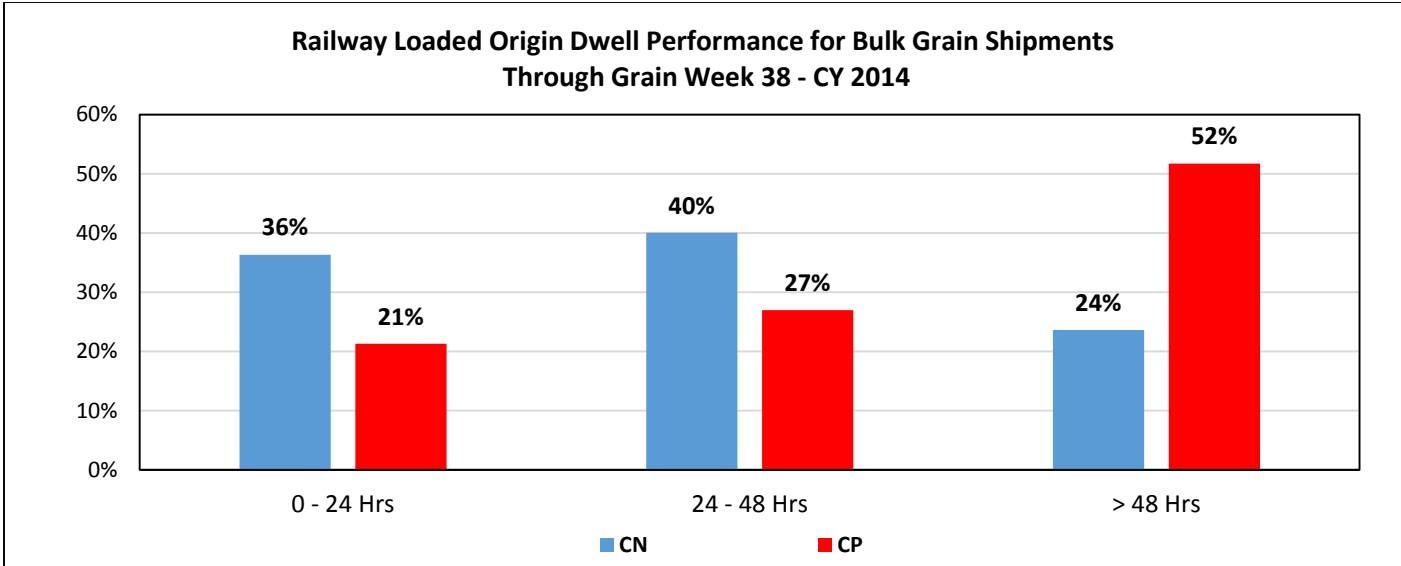
Origin Dwell Performance

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

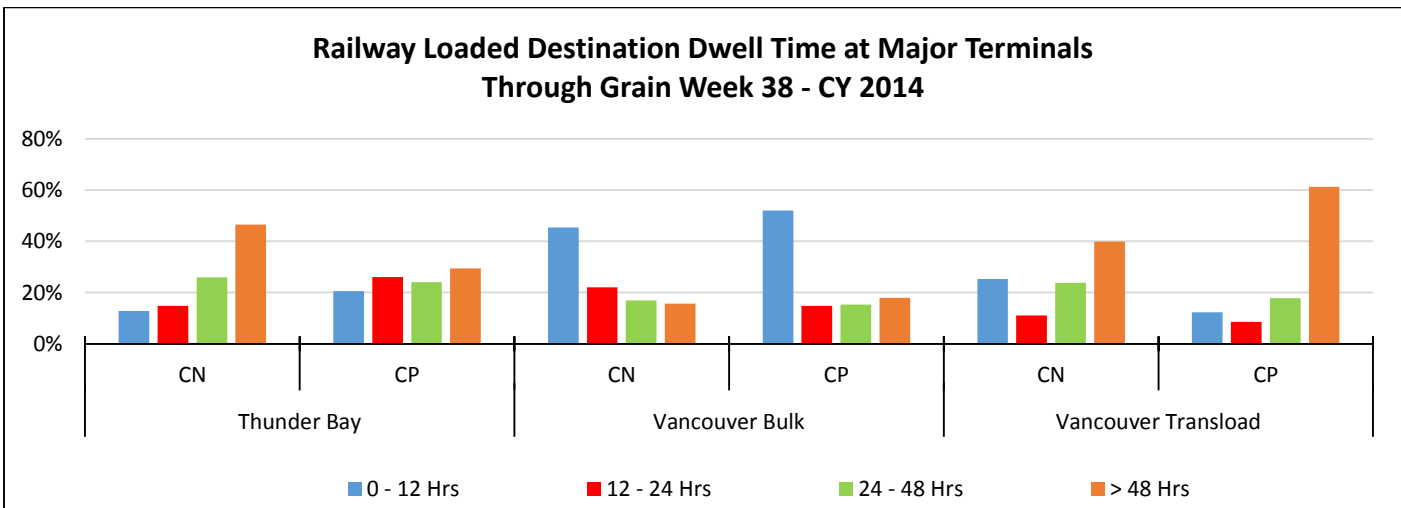
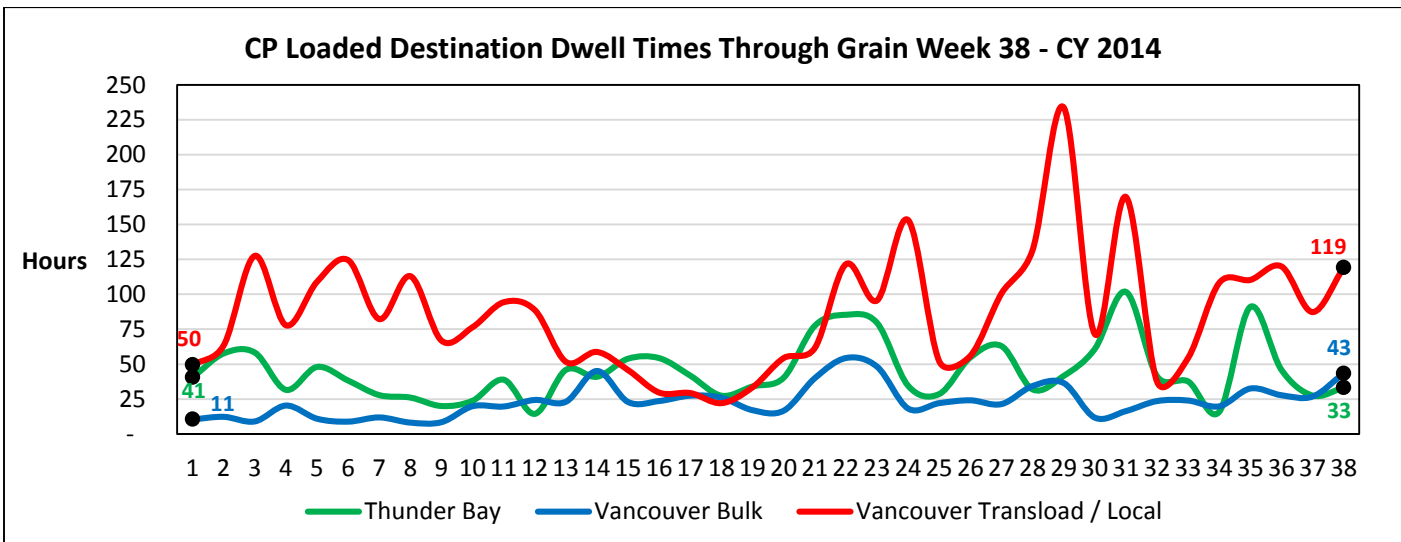
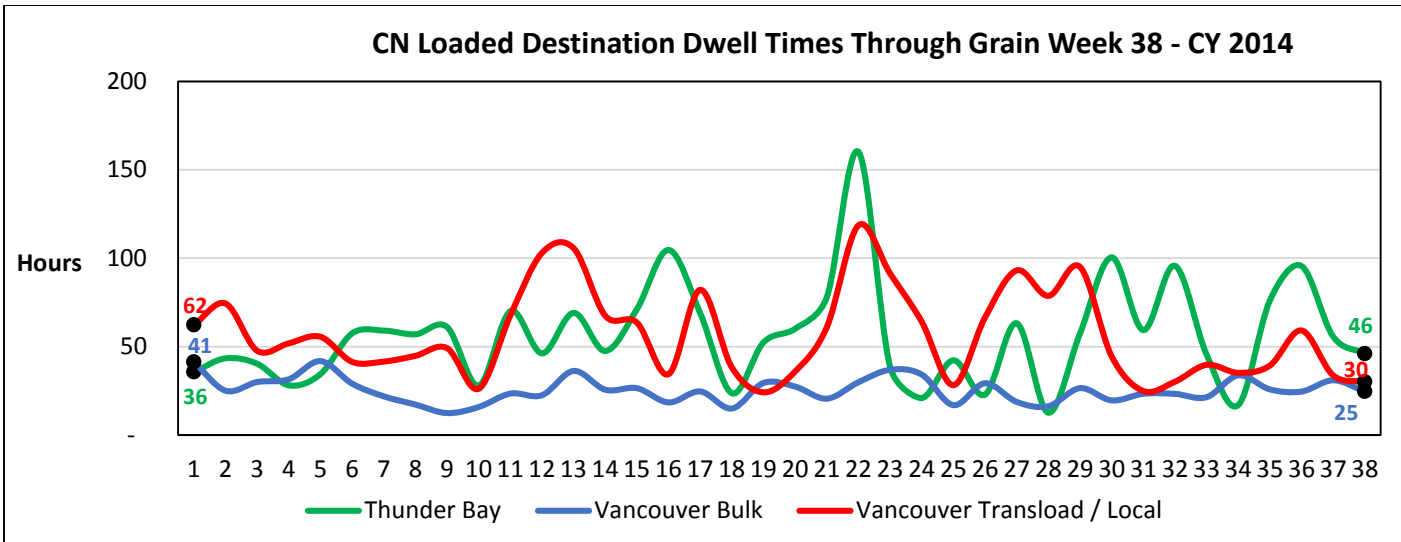
Destination terminal dwell time measures the elapsed time from the time a railcar arrives at the destination railway yard to the time it is placed at the receiver’s facility for unloading. Average performance in this area will vary depending on the nature of the shipment.

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.





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.

