

Summary

CN and CP supplied 3,498 (47%) of the 7,444 hopper cars ordered for delivery in week 31. They supplied a further 4,096 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 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 9,975 orders.

Railway Car Supply – Grain Week 31

- CN spotted 4,188 hopper cars and CP spotted 3,406 hopper cars in the country in Grain Week 31 for a total supply of 7,594 cars – this included 4,096 cars that had been ordered for prior weeks. Grain Week 31 car spotting performance for CN was 16% higher than its YTD weekly average of 3,600 cars whereas CP remained slightly below its weekly average of 3,500 cars per week.
 - In Grain Week 31 CN and CP supplied 3,498 (47%) of the 7,444 hopper cars ordered for delivery in Grain Week 31 representing a shortfall of 3,946 cars for Grain Week 31 orders.
 - To date, the railways have supplied 43% of customer orders in the week for which cars were ordered with CN providing 56% of cars for the week they were ordered and CP 31% of cars in the week they were ordered.
 - Grain Week 31 saw both CN (59%) and CP (35%) achieve their best single week performance for spotting of empty cars in the week for which they were ordered since Grain Week 16 for CN and Grain Week 13 for CP.
- Through the first 31 weeks of the current crop year, railways have failed to supply 23,995 hopper cars ordered by shippers. This represents a shortfall equivalent to 10% of shipper demand.
 - more than 3,300 customer orders – approximately 33% of unfulfilled orders - have been outstanding for 4 weeks or longer ¹
- Boxcar shippers received 70% of cars ordered for Grain Week 31. This is an improvement over the prior week yet full year fulfillment remains at 67% of shipper orders.

Corridor Performance

- In Grain Week 31 traffic destined to bulk terminals in Western Canada received a higher percentage (53%) of cars than other corridors. By comparison, non-bulk corridors including the USA/Mexico, Vancouver transload and Canadian domestic corridors received 34% of cars ordered for delivery in Grain Week 31.
- While CN fulfilled 69% of orders in non-bulk corridors, CP supplied 12% of cars for current week orders in Grain Week 31 in non-bulk corridors.

¹ Based on net unfulfilled demand – excluding rejections, cancellations and denied orders – of 9,975

Railway Dwell Times at Country Origins:

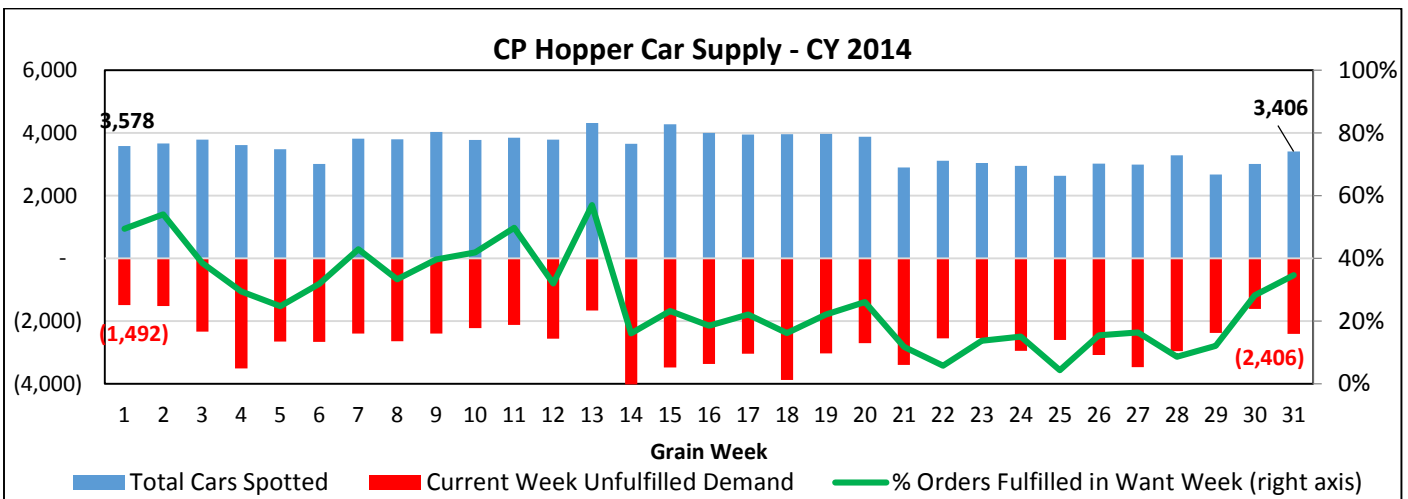
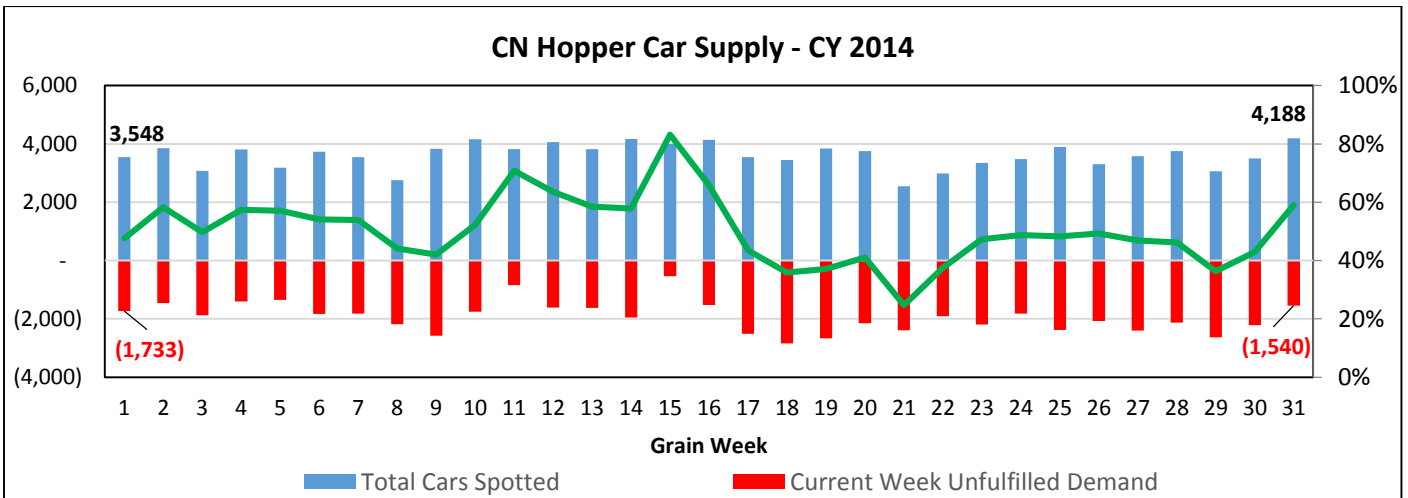
- In Grain Week 31, CN’s loaded dwell times for multicar block traffic at country origin locations averaged 31 hours while CP’s loaded dwell times averaged 54 hours. CN’s performance in Grain Week 31 is below its YTD average of 41 hours; CP performance in Grain Week 31 improved from the prior week and was consistent with week over week improvements for the last 4 weeks.
 - 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 30% of shipments were picked up within 24 hours.

Railway Dwell Times at Destination Terminals – Grain Week 31:

- CN: Thunder Bay (66 hours), Vancouver bulk (19 hours) and Vancouver transload/local (26 hours)
- CP : Thunder Bay (101 hours), Vancouver bulk (17 hours) and Vancouver transload/local (89 hours)
- Thunder Bay dwell times continue to reflect limited traffic volumes as shipments to this terminal have slowed in recent weeks.

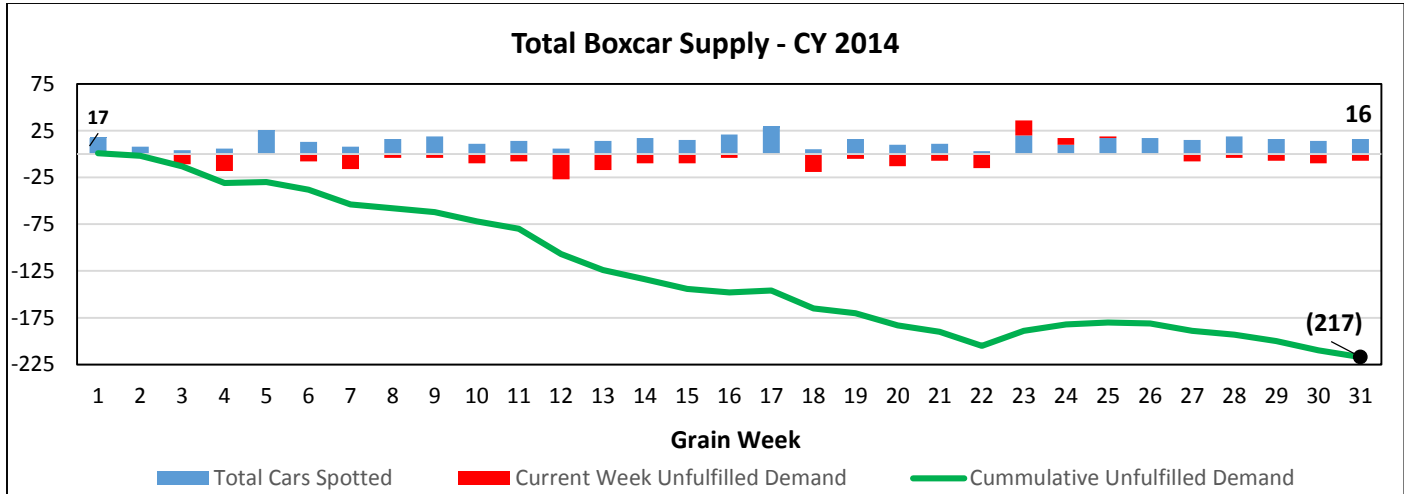
Railway Car Supply Performance for current grain year as of Grain Week 31 (CY 2014)

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	120,019	108,224	(11,795)	3,872	1,939	1,664	3,603	(1,932)
	CP	115,225	103,025	(12,200)	3,717	1,017	2,504	3,521	(2,700)
		235,244	211,249	(23,995)	7,589	2,956	4,168	7,125	(4,632)
Boxcars	CN + CP	648	431	(217)	21	14	-	14	(7)

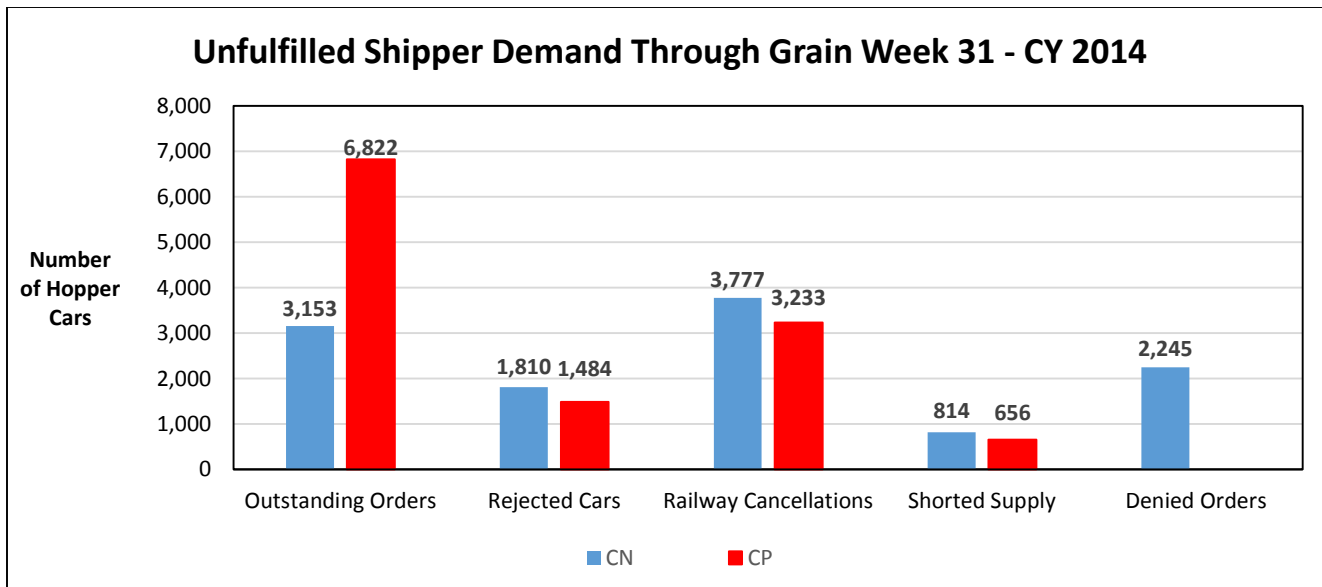


The calculation of total unfulfilled demand for hopper cars represents the accumulated difference across all grain weeks in the year between the number of cars ordered by shippers and the number of cars supplied by the railway for those orders. This total unfulfilled demand therefore represents the volume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

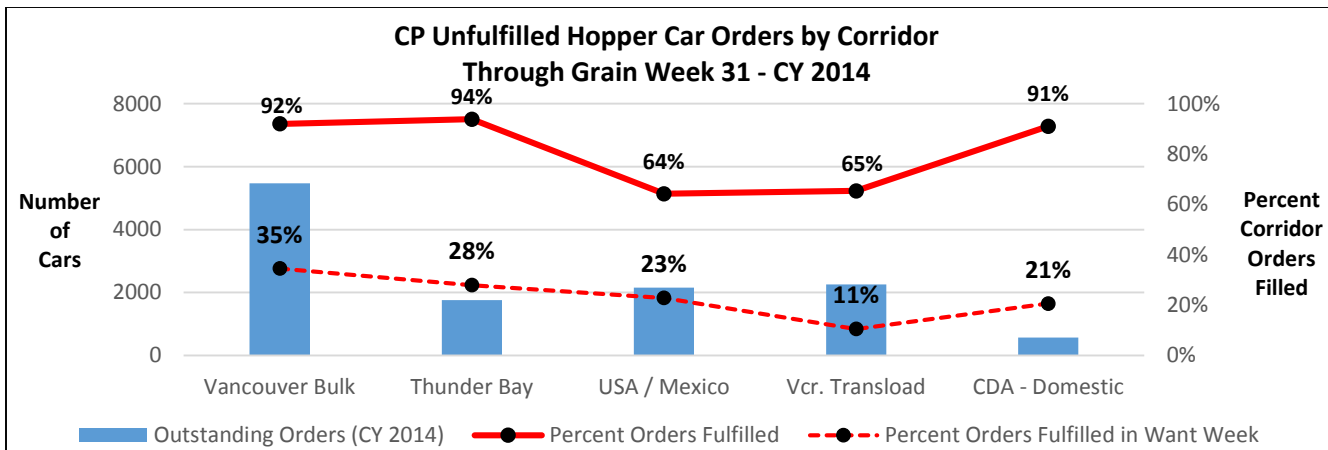
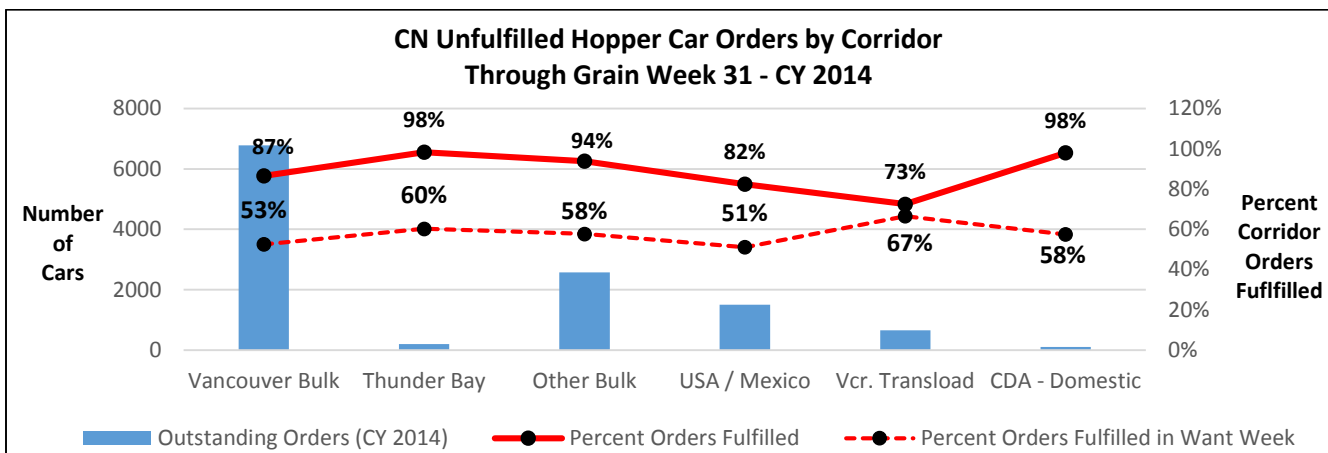


Effective with Grain Week 25 the methodology for calculating the age of outstanding orders has changed. This calculation now excludes all unfulfilled orders related to rejected cars, orders denied by the railways, railway cancellations due to railway car ordering thresholds and orders not completely 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 31 (CY 2014)

	Cars Supplied			Year to Date Unfulfilled Demand		
	CN	CP	Total	CN	CP	Total
Vancouver Bulk	43,731	62,576	106,307	(6,783)	(5,466)	(12,249)
Thunder Bay	11,415	26,553	37,968	(193)	(1,755)	(1,948)
Other Bulk	39,366	-	39,366	(2,568)	-	(2,568)
USA / Mexico	7,041	3,868	10,909	(1,503)	(2,155)	(3,658)
Vancouver Transload	1,713	4,263	5,976	(649)	(2,258)	(2,907)
Canada - Domestic	4,958	5,765	10,723	(99)	(566)	(665)
	108,224	103,025	211,249	(11,795)	(12,200)	(23,995)

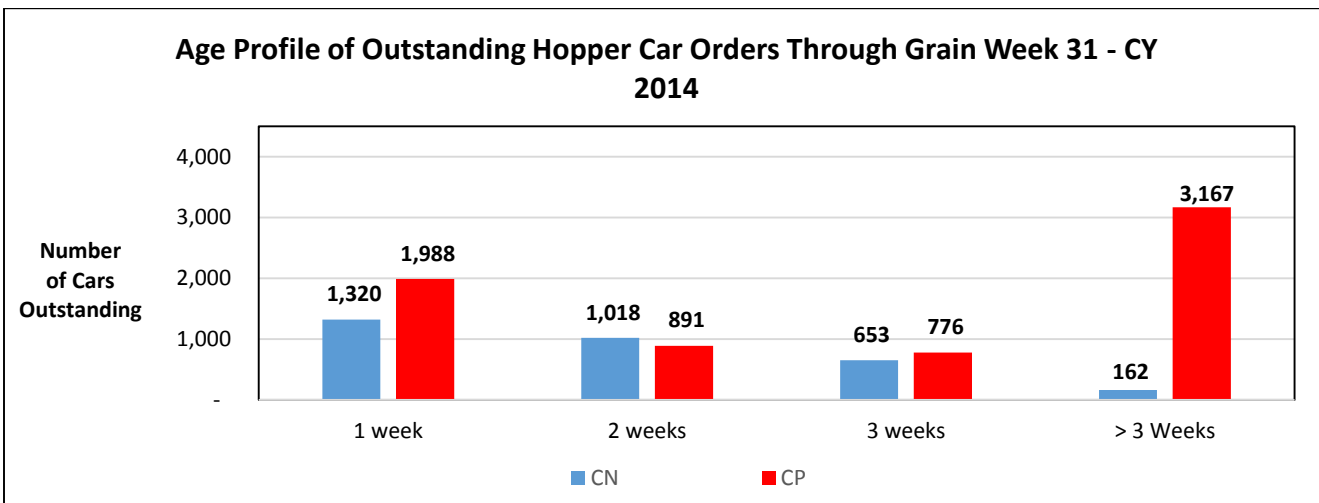
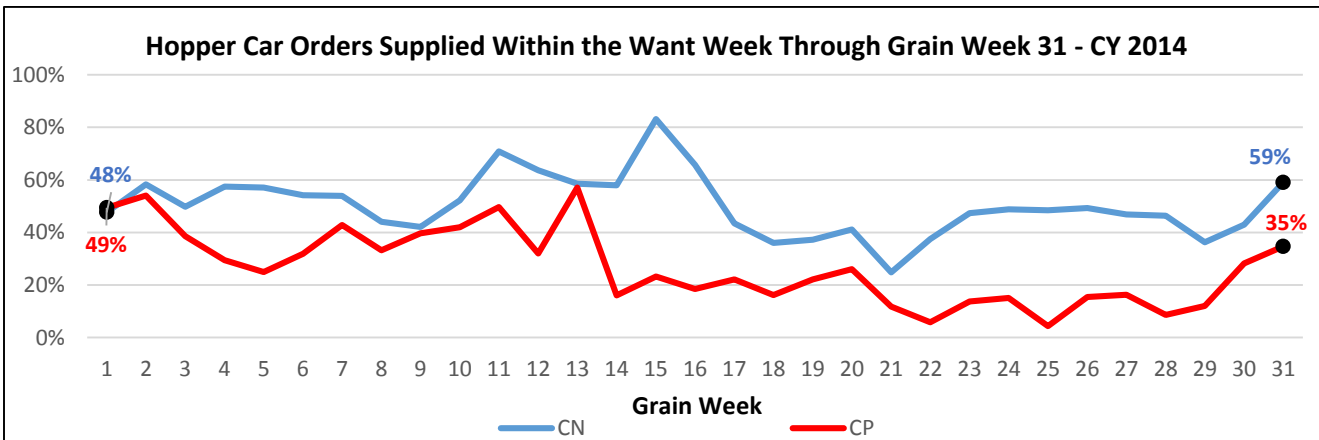
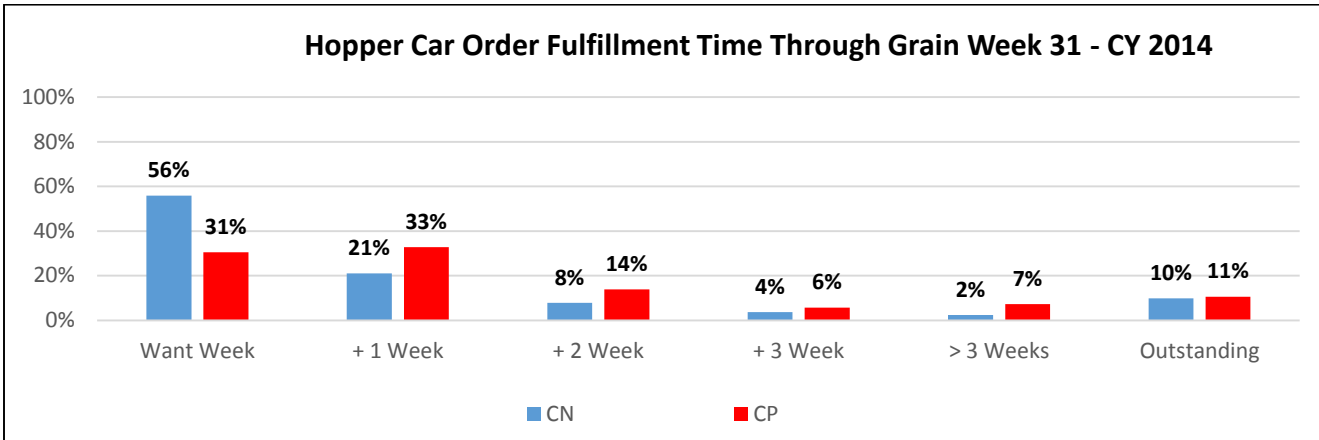


Corridor statistics reflect performance for railway car supply by destination corridor against **current year orders** for each corridor. The number of cars supplied **excludes** cars supplied by the railways during the measurement period that were for prior year orders.

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	56%	21%	8%	4%	2%	10%	1,320	1,018	653	162	3,153
CP	31%	33%	14%	6%	7%	11%	1,988	891	776	3,167	6,822
Total	43%	27%	11%	5%	5%	10%	3,308	1,909	1,429	3,329	9,975

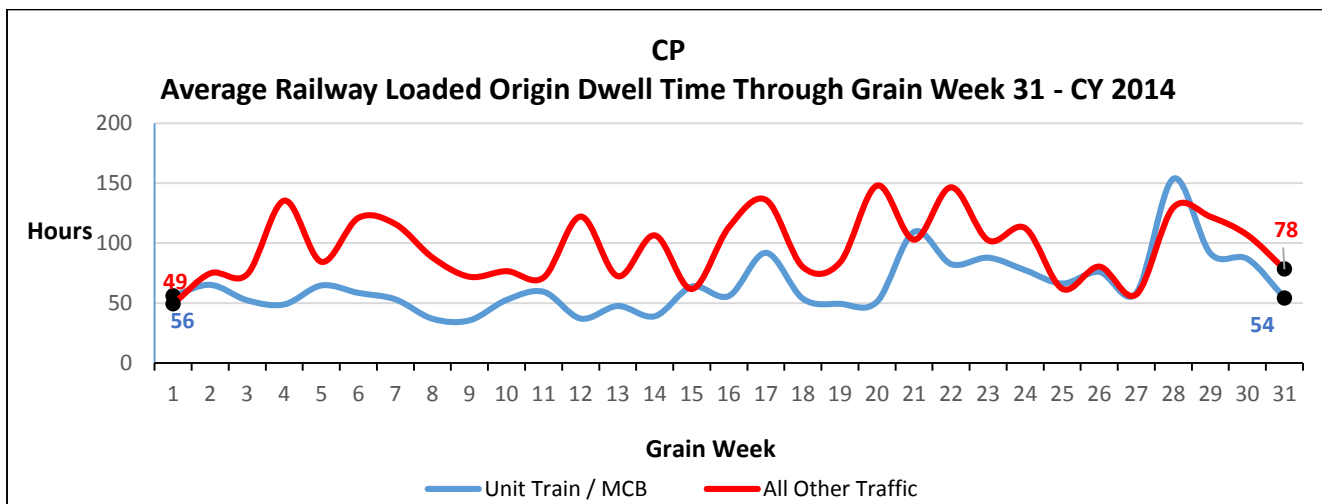
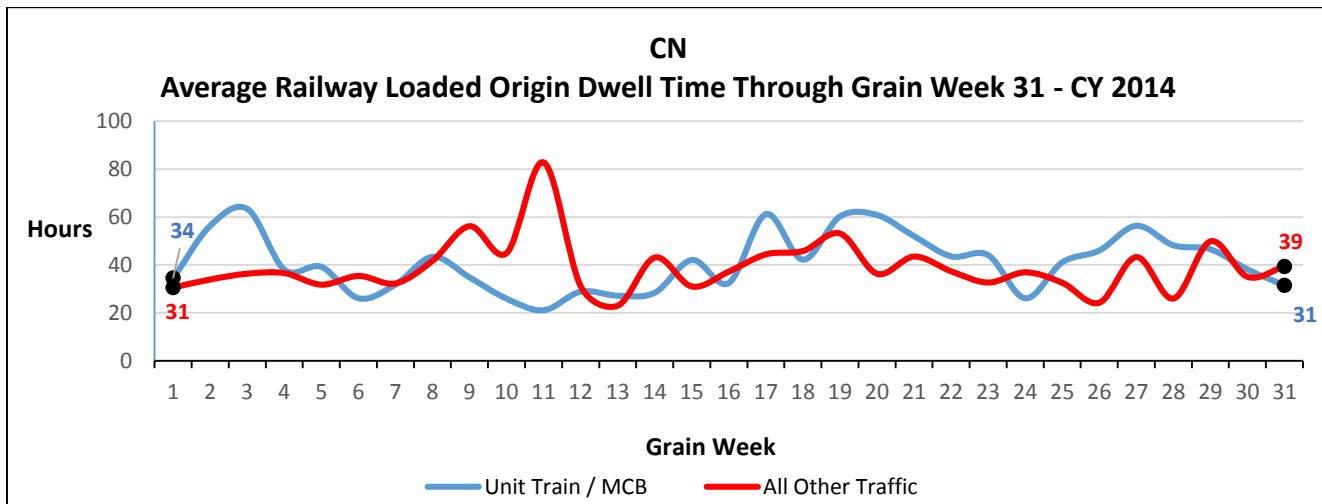


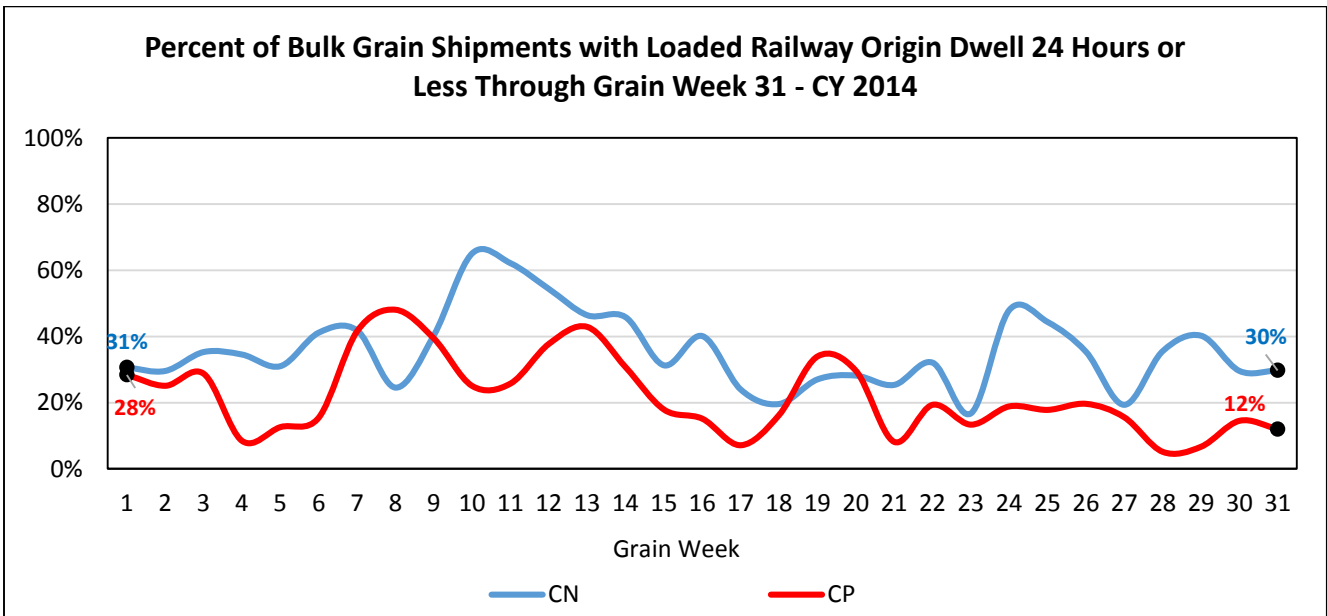
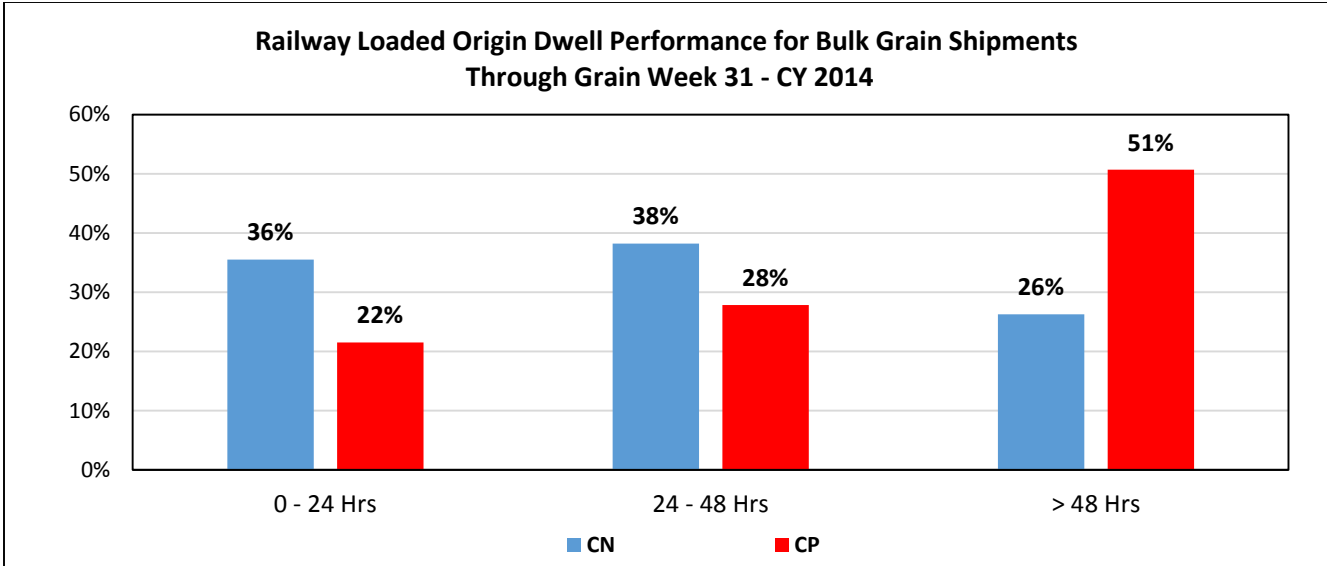
Origin Dwell Performance

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.

