

Summary

For the Grain Week 25 Performance Update there has been a change in the methodology used for calculating the age of outstanding hopper car orders. Performance data for this measure has been re-stated to the beginning of the grain year using the new methodology.

The calculation of total unfulfilled shipper demand for hopper cars represents the difference between expressed shipper demand (car orders) for the current grain year and cars supplied by the railways in response to these 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.

The calculation of the age of unfulfilled orders has been changed to exclude orders associated with rejected cars, railway imposed cancellations and railway denied orders. The aging calculation now includes only those orders that shippers continue to expect the railways to fulfill. The chart on page 4 provides a breakdown of these categories of unfulfilled shipper demand.

Railway Car Supply – Grain Week 25

- CN spotted 3,896 hopper cars and CP spotted 2,615 hopper cars in the country in Grain Week 25 for a total supply of 6,511 cars – this included 4,159 cars that had been ordered for prior weeks. Grain Week 25 car spotting performance for CP is lower than its YTD average of 3,500 cars. CN's performance in Grain Week 25 was slightly lower than the YTD average of 3,600 cars per week.
 - In Grain Week 25 CN and CP supplied 2,352 (31%) of the 7,588 hopper cars ordered for delivery in Grain Week 25 representing a shortfall of 5,236 cars for Grain Week 25 orders.
 - In the crop year to date, the railways have supplied 44% of customer orders in the week for which cars were ordered with CN supplying 57% of orders, and CP supplying 31%.
- Through the first 25 weeks of the current crop year, railways have failed to supply 18,403 hopper cars ordered by shippers. This represents a shortfall equivalent to 10% 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 6,400 customer orders – approximately 46% of unfulfilled orders - have been outstanding for 4 weeks or longer ¹
- For the 3rd consecutive week boxcar shippers received 100% in total. Despite recent improvements performance year to date fulfillment remains at 65% of shipper orders.

Corridor Performance

- In Grain Week 25, as has consistently been the case this year, traffic destined to bulk terminals in Western Canada received a higher percentage (34%) of cars than other corridors. By comparison, non-bulk corridors including the USA/Mexico, Vancouver transload and Canadian domestic corridors continue to experience lower fulfillment rates with the railways supplying 27% of cars ordered for delivery in Grain Week 25.

¹ Based on net unfulfilled demand – excluding rejections, cancellations and denied orders – of 14,226.

- While CN fulfilled 56% of orders in non-bulk corridors, CP supplied 6% of cars for current week orders in Grain Week 25 in non-bulk corridors.

Railway Dwell Times at Country Origins:

- In Grain Week 25, CN's loaded dwell times for multicar block traffic at country origin locations averaged 32 hours while CP's loaded dwell times averaged 65 hours. CN's performance in Grain Week 25 is an improvement over its YTD average of 40 hours; CP improved slightly in Grain Week 25 from the prior week but remains higher than its YTD average dwell time of 60 hours.
 - In the crop year to date, 34% 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. 29% of shipments were picked up within 24 hours.

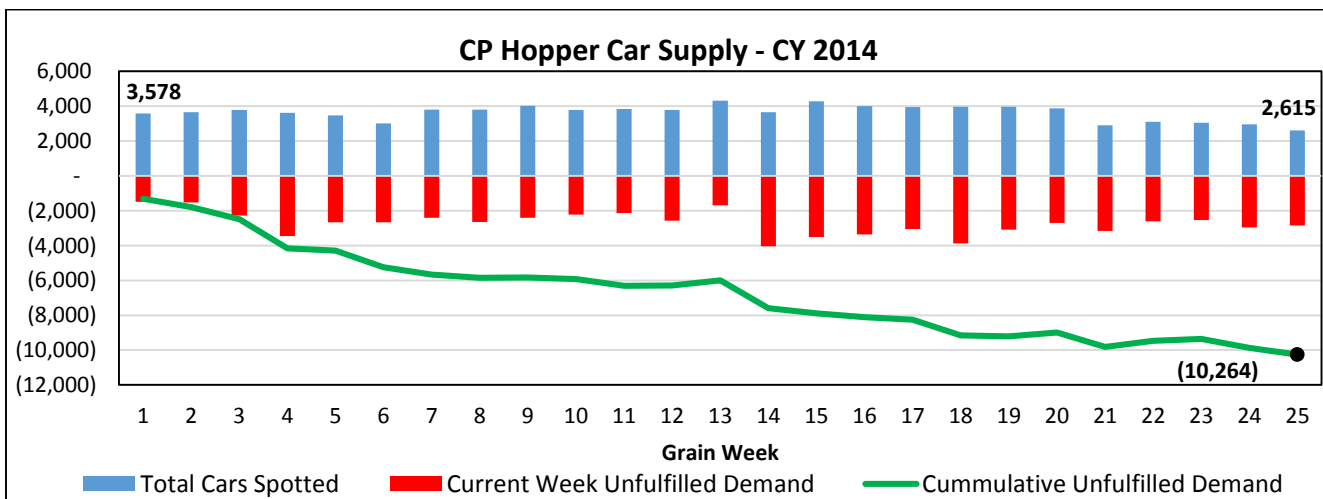
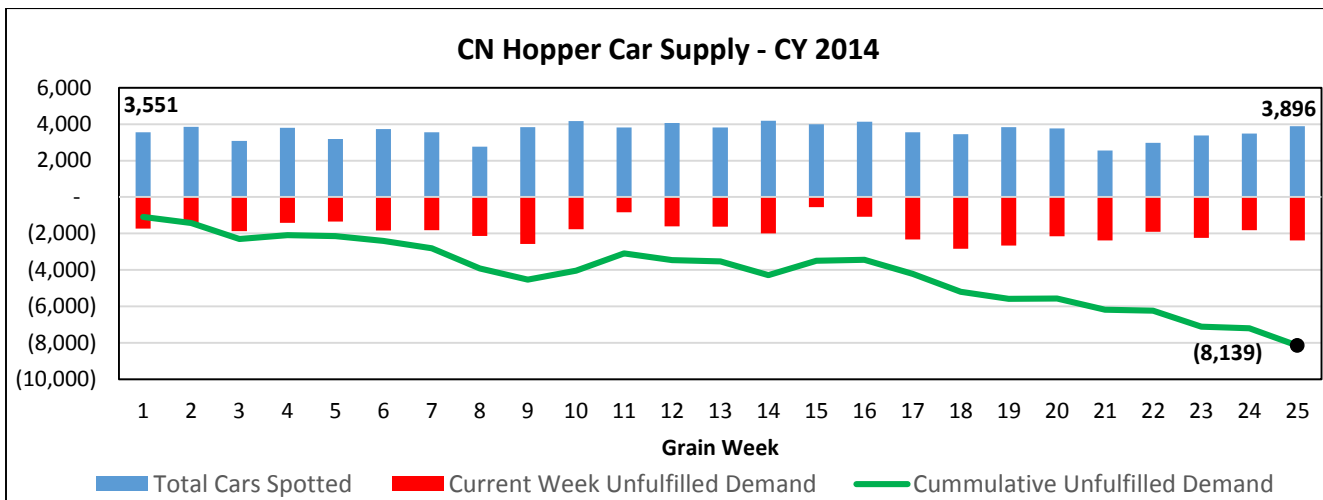
Railway Dwell Times at Destination Terminals – Grain Week 25:

- CN: Thunder Bay (42 hours), Vancouver bulk (19 hours) and Vancouver transload/local (22 hours)
- CP : Thunder Bay (29 hours), Vancouver bulk (20 hours) and Vancouver transload/local (50 hours)
- With the exception of CN bulk traffic at Thunder Bay both railways maintained or improved on their prior week performance.

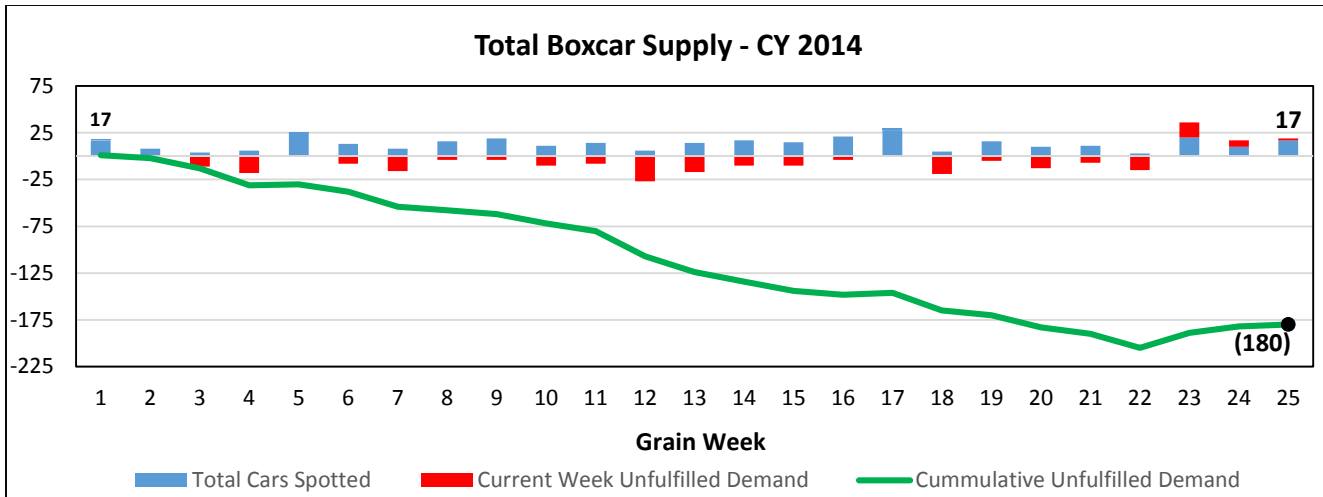
Railway Car Supply Performance Against Current Year Demand to Grain Week 25 (CY 2014)

		Crop Year To Date			Avg. Weekly Performance		
		Customer Demand	Railway Supply	Unfulfilled Demand	Customer Demand	Railway Supply	Unfulfilled Demand
Covered Hopper	CN	95,239	87,100	(8,139)	3,809	1,945	(1,832)
	CP	95,650	85,386	(10,264)	3,826	1,153	(2,698)
TOTAL		190,889	172,486	(18,403)	7,635	3,098	(4,530)
Boxcar	CN + CP	514	334	(180)	21	13	8

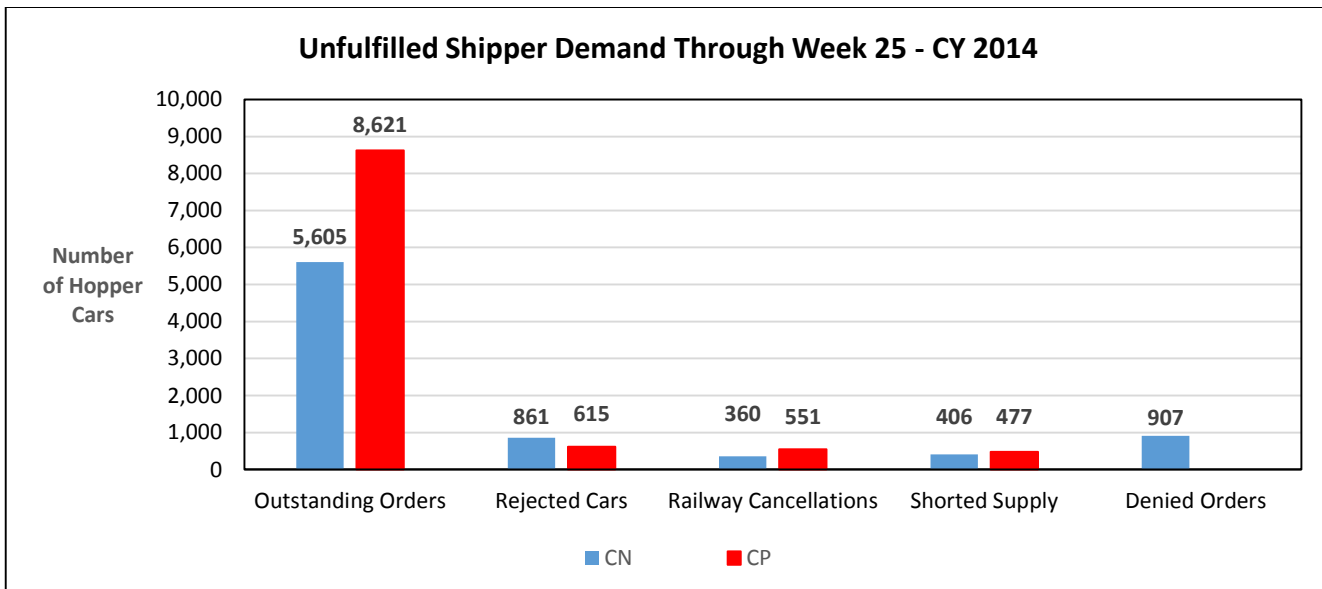
* Average weekly performance reflects average weekly supply and unfulfilled demand for current week orders.



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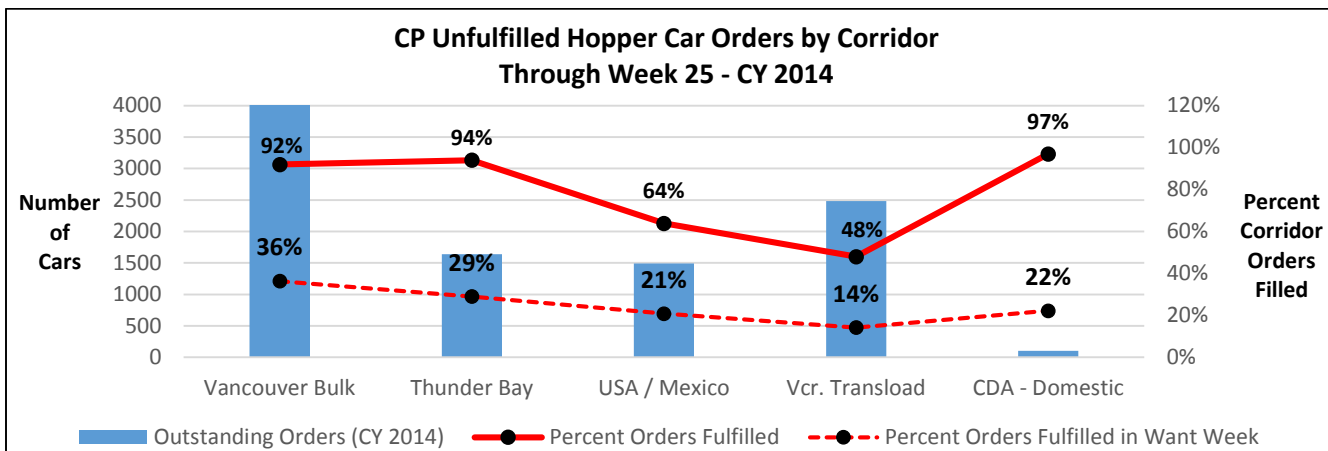
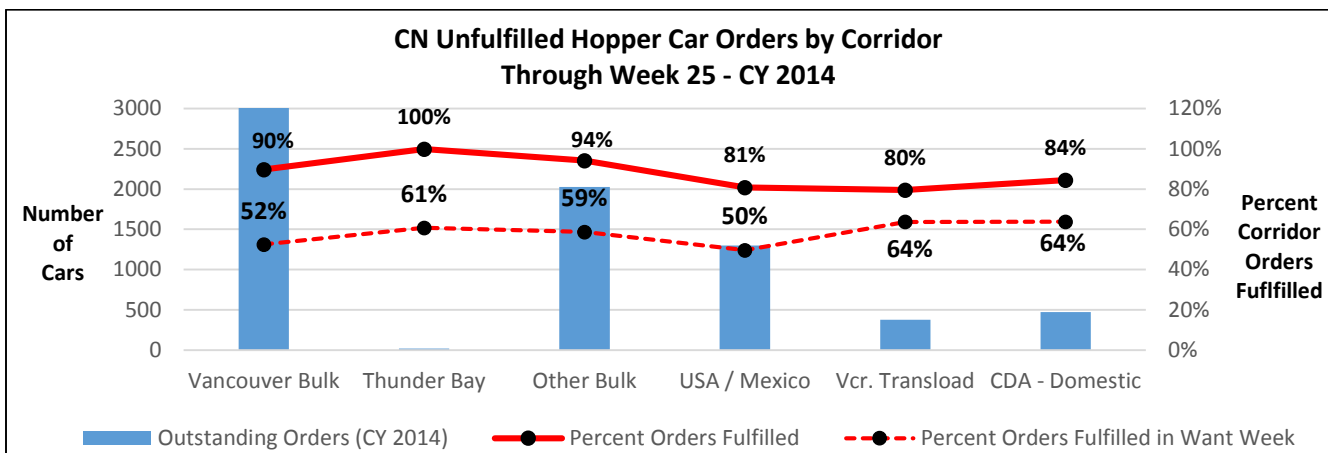


Effective with Grain Week 25 the methodology for calculating the age of outstanding orders has changed. This calculation now excludes all unfulfilled orders related to rejected cars, orders denied by the railways, railway cancellations due to railway car ordering thresholds and orders not completely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

	Cars Supplied			Year to Date Unfulfilled Demand		
	CN	CP	Total	CN	CP	Total
Vancouver Bulk	34,211	51,732	85,943	(3,949)	(4,554)	(8,503)
Thunder Bay	11,113	25,552	36,665	(19)	(1,637)	(1,656)
Other Bulk	32,328	-	32,328	(2,028)	-	(2,028)
USA / Mexico	5,443	2,627	8,070	(1,298)	(1,491)	(2,789)
Vancouver Transload	1,453	2,288	3,741	(374)	(2,481)	(2,855)
Canada - Domestic	2,552	3,187	5,739	(471)	(101)	(572)
	87,100	79,534	172,486	(8,139)	(10,264)	(18,403)

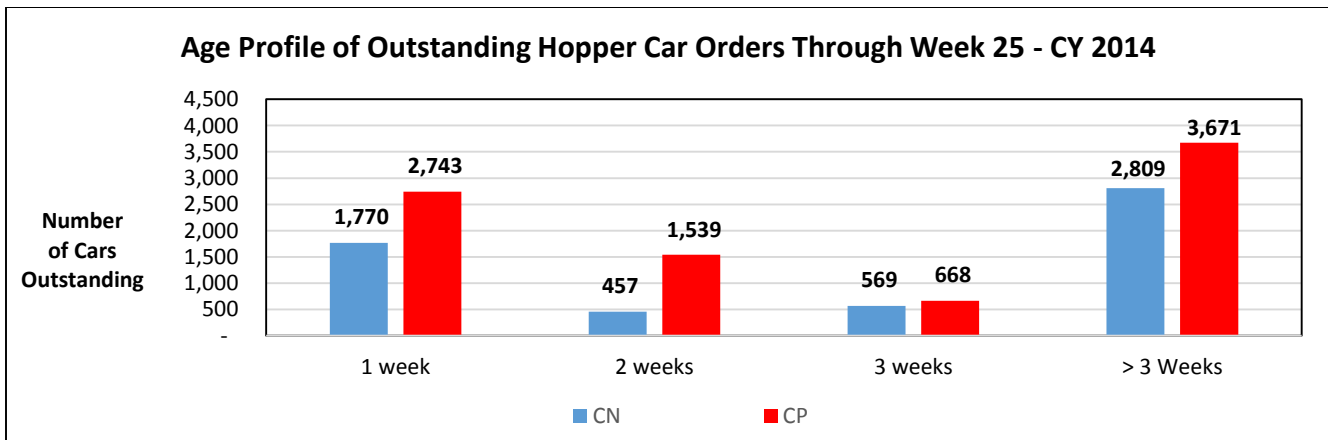
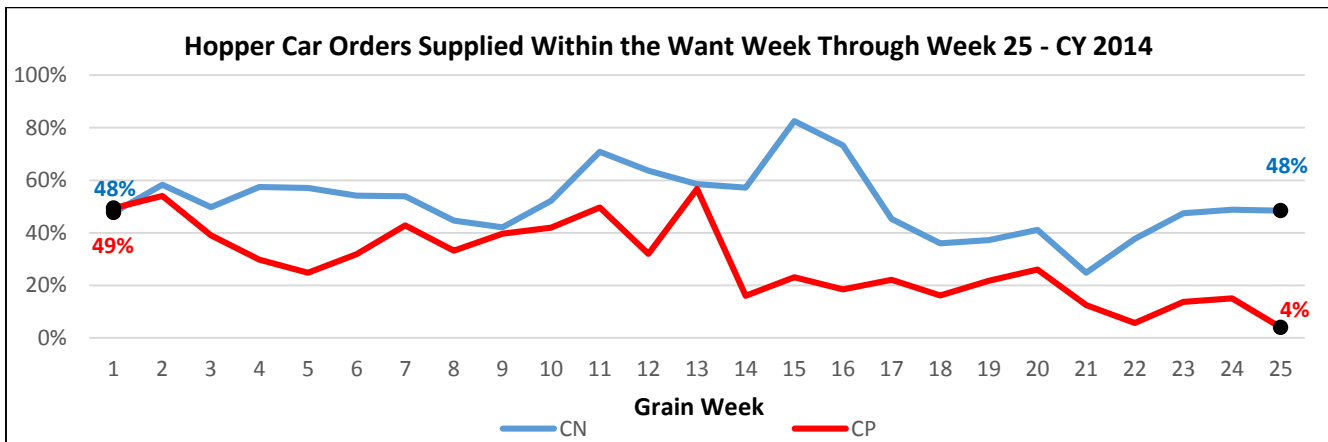
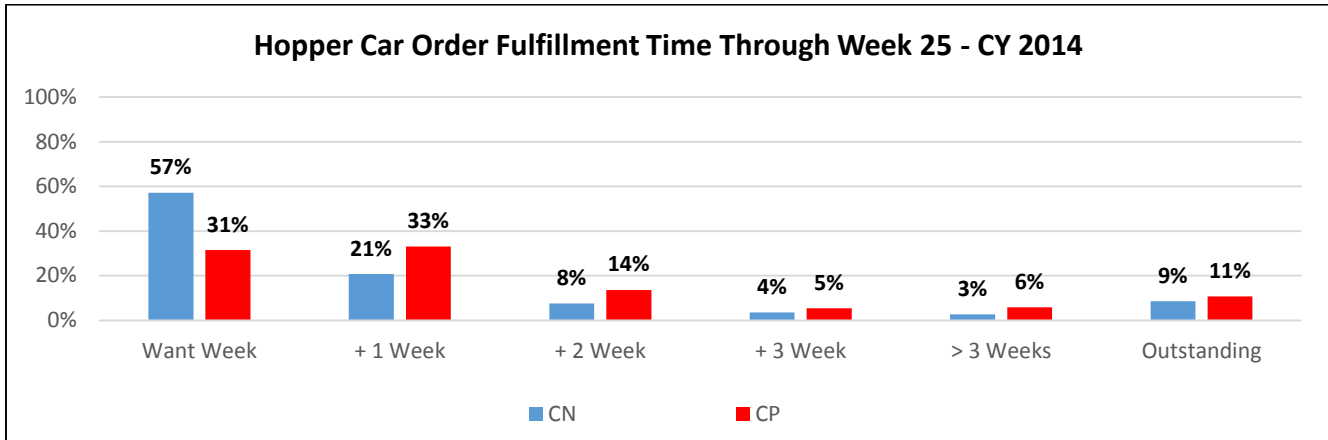


Corridor statistics reflect performance for railway car supply by destination corridor against **current year orders** for each corridor. The number of cars supplied **excludes** cars supplied by the railways during the measurement period that were for prior year orders.

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	57%	21%	8%	4%	3%	9%	1,770	457	569	2,809	5,605
CP	31%	33%	14%	5%	6%	11%	2,743	1,539	668	3,671	8,621
Total	44%	27%	11%	4%	4%	10%	4,513	1,996	1,237	6,480	14,226

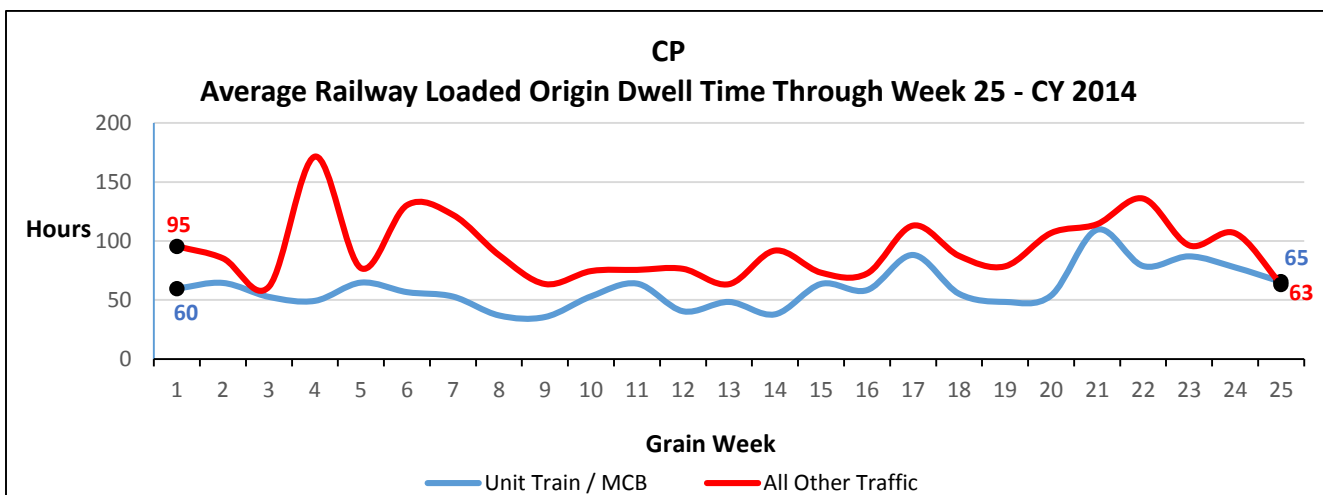
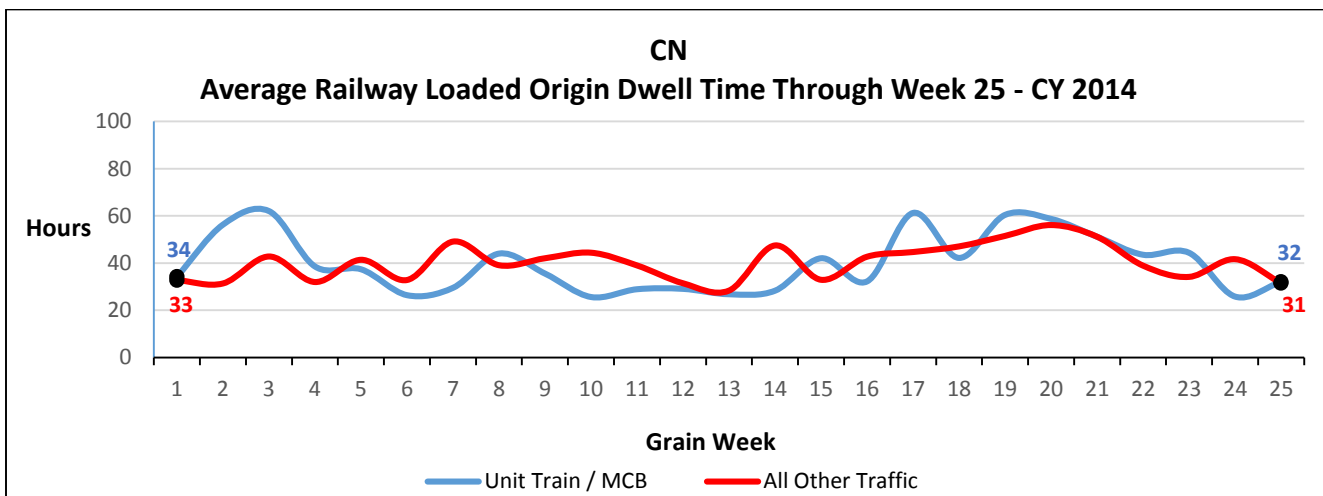


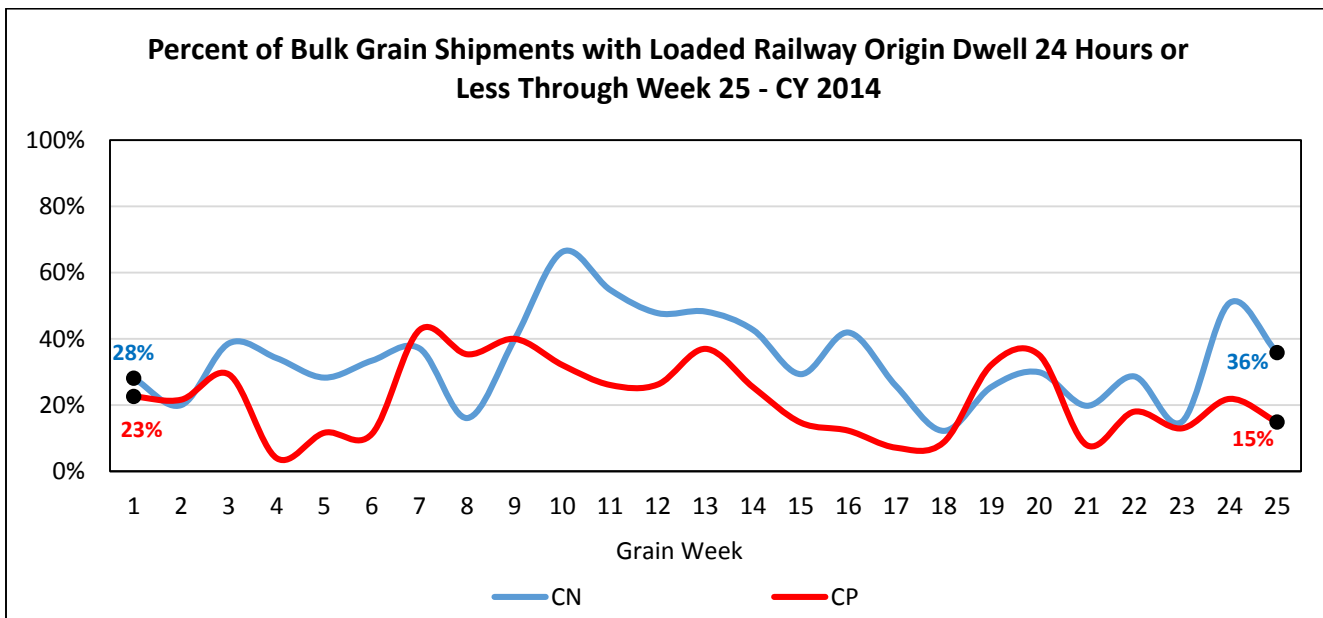
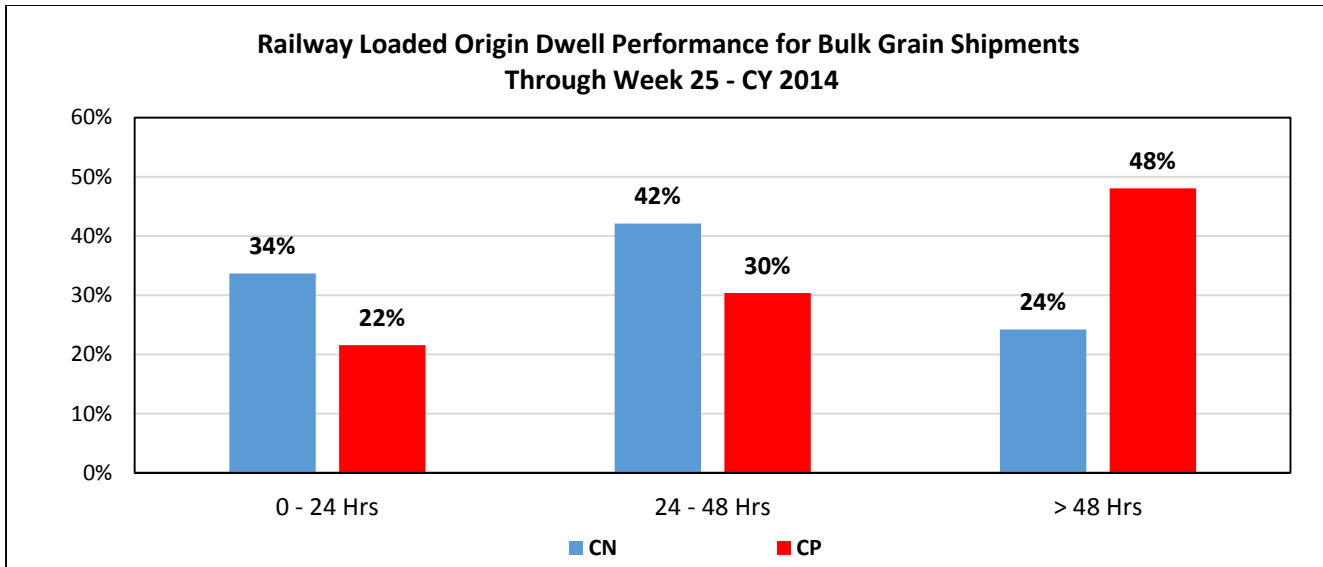
Origin Dwell Performance

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.

