

Summary

The performance update for Grain Week 26 has restated net unfulfilled shipper demand on the basis of previously unreported rejected cars and railway cancellations related to hopper car ordering rules imposed by the railways at the beginning of the current grain year. While total unfulfilled shipper demand remains in excess of 19,000 cars for the current year 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 10,816 orders.

The data represents 90% of Western Canadian grain shipments.

Railway Car Supply – Grain Week 26

- CN spotted 3,302 hopper cars and CP spotted 3,020 hopper cars in the country in Grain Week 26 for a total supply of 6,322 cars – this included 3,715 cars that had been ordered for prior weeks. Grain Week 26 car spotting performance for both railways was lower than their YTD average performance of approximately 3,600 cars each.
 - In Grain Week 26 CN and CP supplied 2,607 (33%) of the 7,756 hopper cars ordered for delivery in Grain Week 26 representing a shortfall of 5,149 cars for Grain Week 26 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 26 weeks of the current crop year, railways have failed to supply 19,546 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 2,000 customer orders – approximately 21% of unfulfilled orders - have been outstanding for 4 weeks or longer ¹
- Boxcar shippers received 99% of cars ordered for Grain Week 26. Despite recent improvements performance year to date fulfillment remains at 65% of shipper orders.

Corridor Performance

- In Grain Week 26, as has consistently been the case this year, traffic destined to bulk terminals in Western Canada received a higher percentage (39%) 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 26% of cars ordered for delivery in Grain Week 26.
- While CN fulfilled 55% of orders in non-bulk corridors, CP supplied 7% of cars for current week orders in Grain Week 26 in non-bulk corridors.

Railway Dwell Times at Country Origins:

- In Grain Week 26, CN's loaded dwell times for multicar block traffic at country origin locations averaged 38 hours while CP's loaded dwell times averaged 75 hours. CN's performance in Grain Week 26 is better than its YTD average of 40 hours; CP performance deteriorated in Grain Week 26 from the prior week and remains higher than its YTD average dwell time of 60 hours.

¹ Based on net unfulfilled demand – excluding rejections, cancellations and denied orders – of 9,454.

- 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.

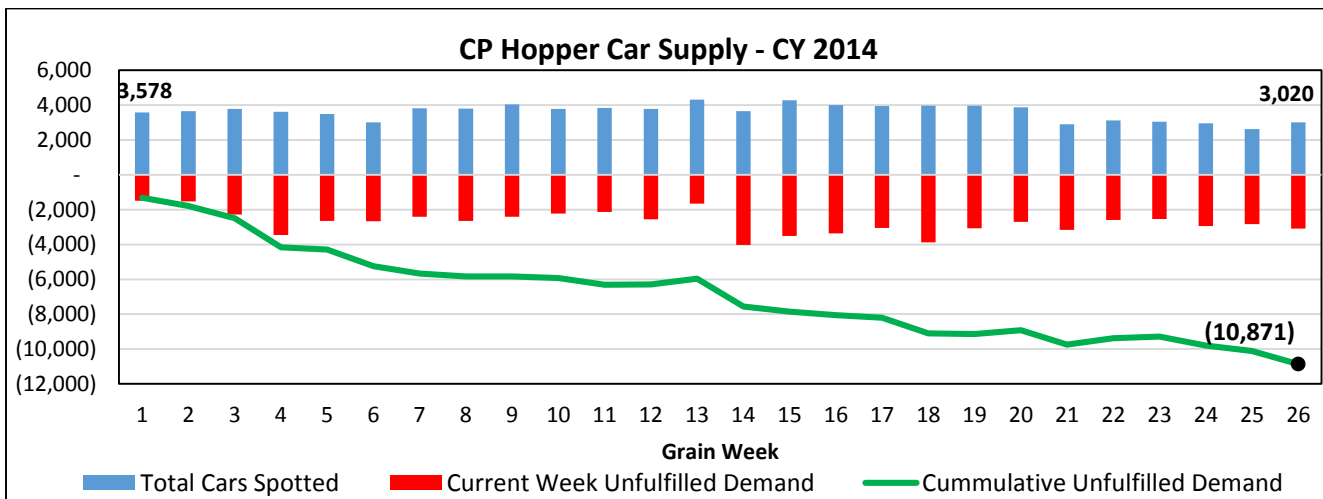
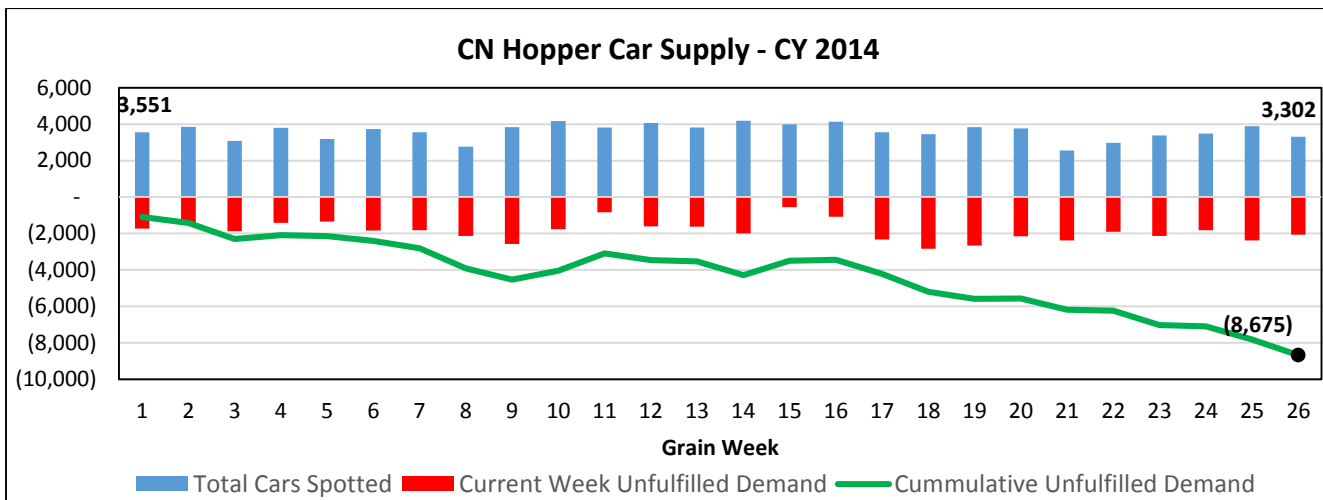
Railway Dwell Times at Destination Terminals – Grain Week 24:

- CN: Thunder Bay (23 hours), Vancouver bulk (30 hours) and Vancouver transload/local (62 hours)
- CP : Thunder Bay (56 hours), Vancouver bulk (22 hours) and Vancouver transload/local (64 hours)

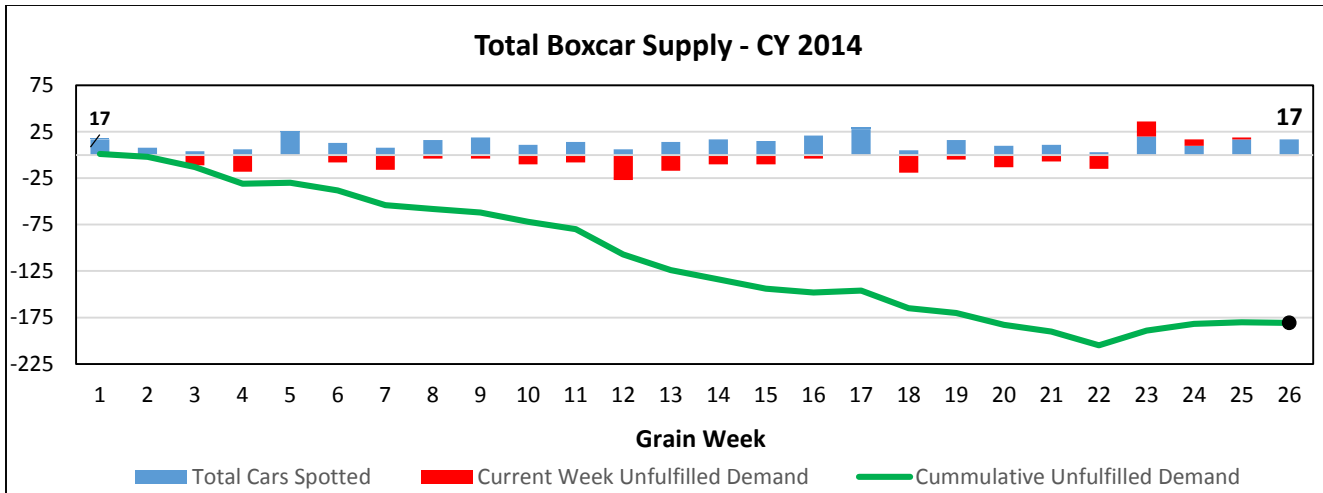
Railway Car Supply Performance Against Current Year Demand to Grain Week 26 (CY 2014)

		Crop Year To Date			Avg. Weekly Performance		
		Customer Demand	Railway Supply	Unfulfilled Demand	Customer Demand	Railway Supply	Unfulfilled Demand
Covered Hopper	CN	99,252	90,577	(8,675)	3,817	1,960	(1,858)
	CP	99,192	88,321	(10,871)	3,815	1,090	(2,725)
TOTAL		198,444	178,898	(19,546)	7,628	3,050	(4,582)
Boxcar	CN + CP	532	351	(181)	21	14	7

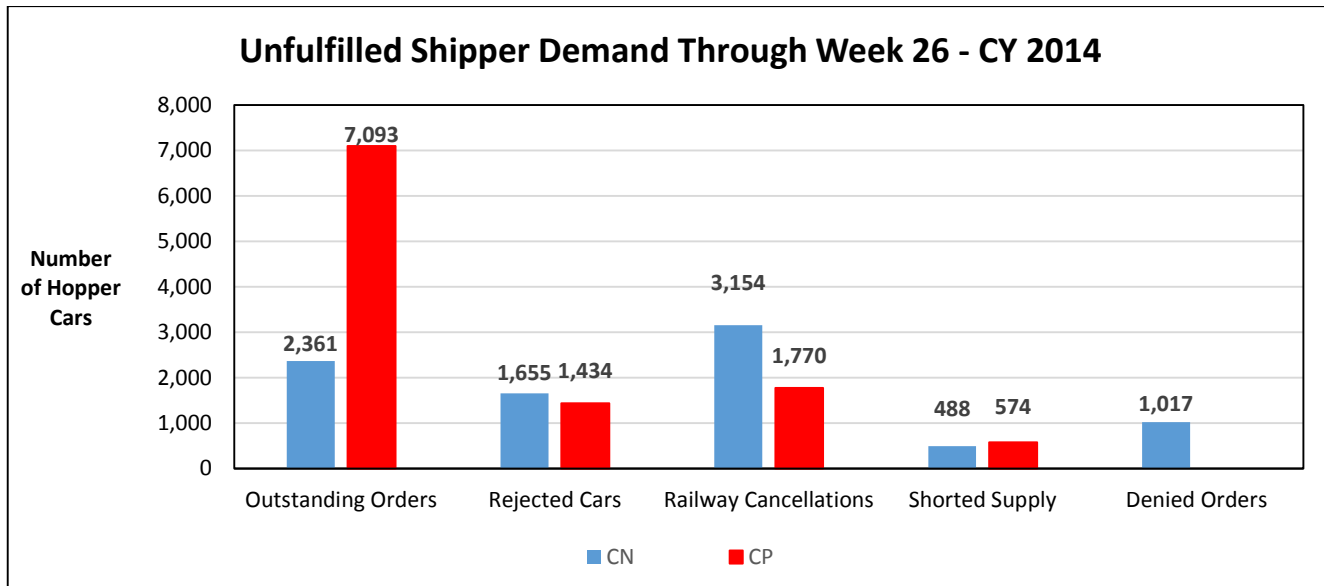
* Average weekly performance reflects average weekly supply and unfulfilled demand for current week orders.



The calculation of total unfulfilled 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.

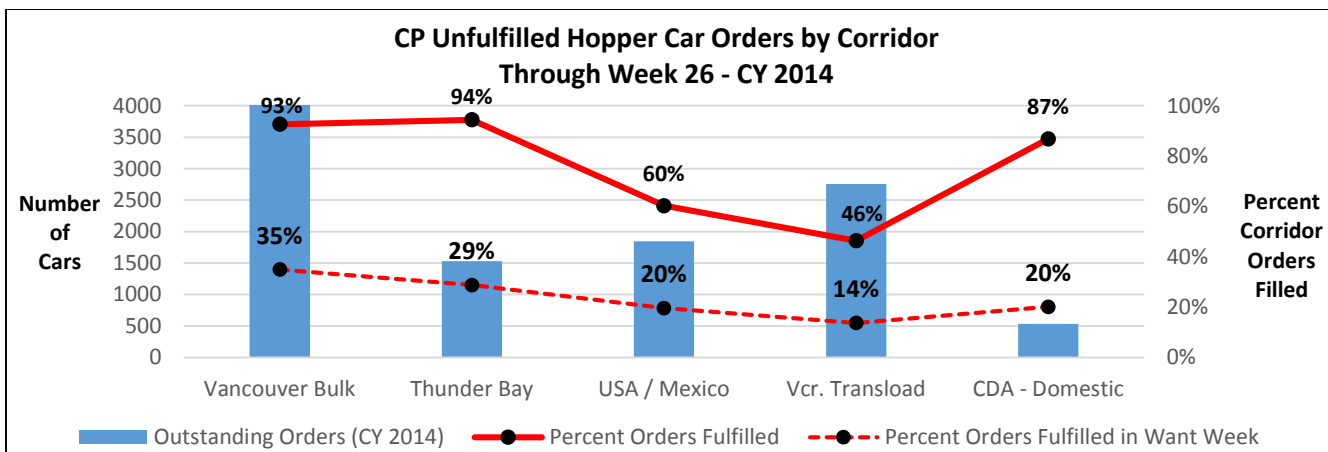
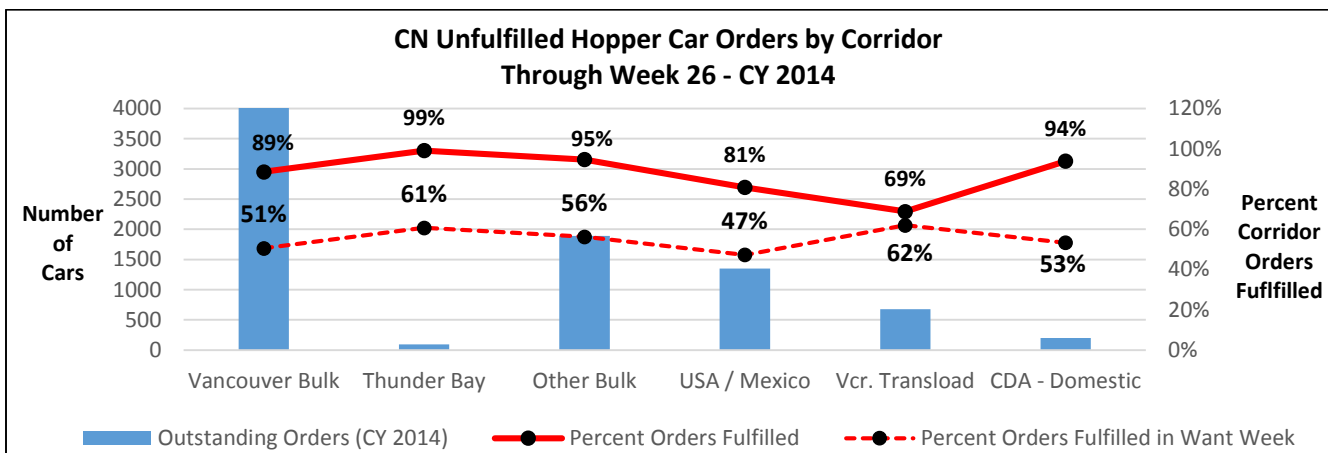


Effective with Grain Week 25 the methodology for calculating the age of outstanding orders has changed. This calculation now excludes all unfulfilled orders related to rejected cars, orders denied by the railways, railway cancellations due to railway car ordering thresholds and orders not completely 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 26 (CY 2014)

	Cars Supplied			Year to Date Unfulfilled Demand		
	CN	CP	Total	CN	CP	Total
Vancouver Bulk	35,501	53,870	89,371	(4,468)	(4,256)	(8,724)
Thunder Bay	11,113	25,769	36,882	(94)	(1,532)	(1,626)
Other Bulk	33,712	-	33,712	(1,888)	-	(1,888)
USA / Mexico	5,711	2,792	8,503	(1,352)	(1,843)	(3,195)
Vancouver Transload	1,492	2,378	3,870	(676)	(2,755)	(3,431)
Canada - Domestic	3,048	3,512	6,560	(197)	(485)	(682)
	90,577	88,321	178,898	(8,675)	(10,871)	(19,546)

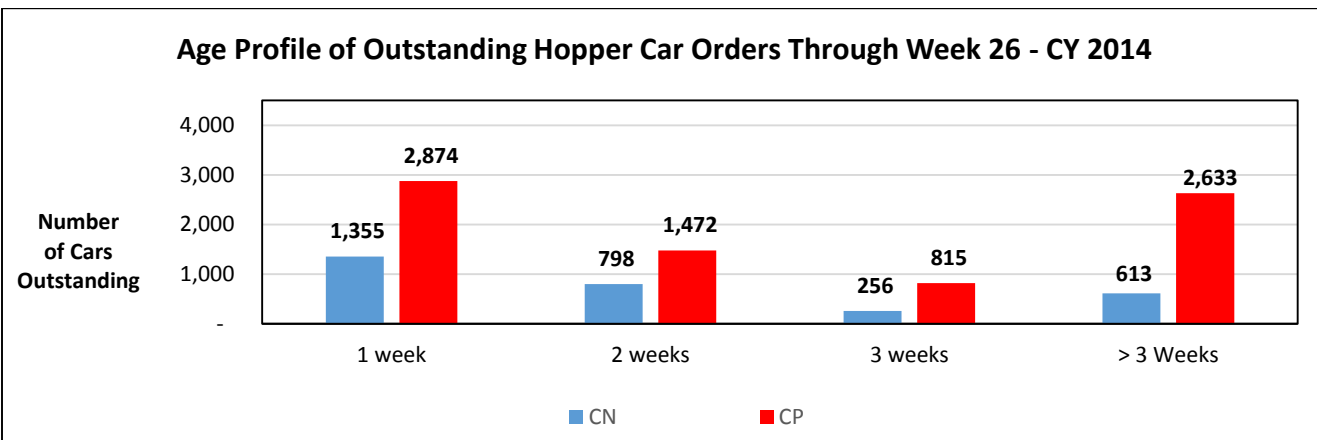
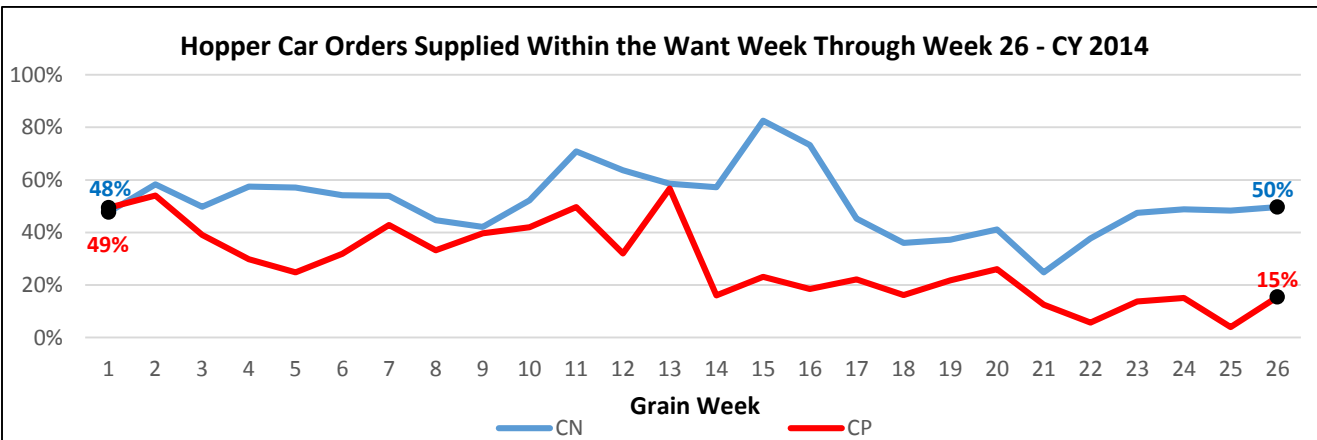
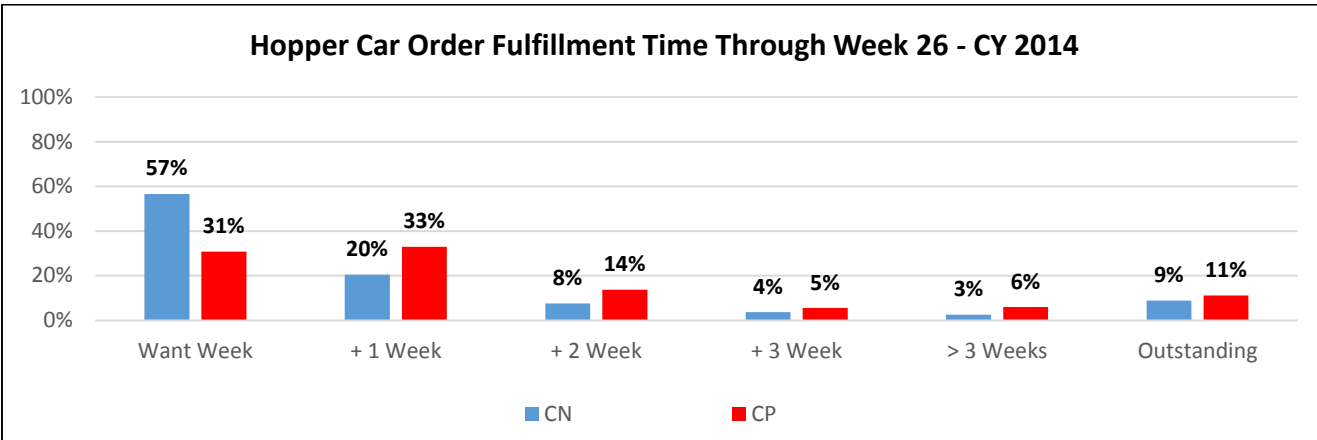


Corridor statistics reflect performance for railway car supply by destination corridor against **current year orders** for each corridor. The number of cars supplied **excludes** cars supplied by the railways during the measurement period that were for prior year orders.

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%	20%	8%	4%	3%	9%	1,330	751	235	45	2,361
CP	31%	33%	14%	5%	6%	11%	2,853	1,455	782	2,003	7,093
Total	44%	27%	11%	5%	4%	10%	4,183	2,206	1,017	2,048	9,454

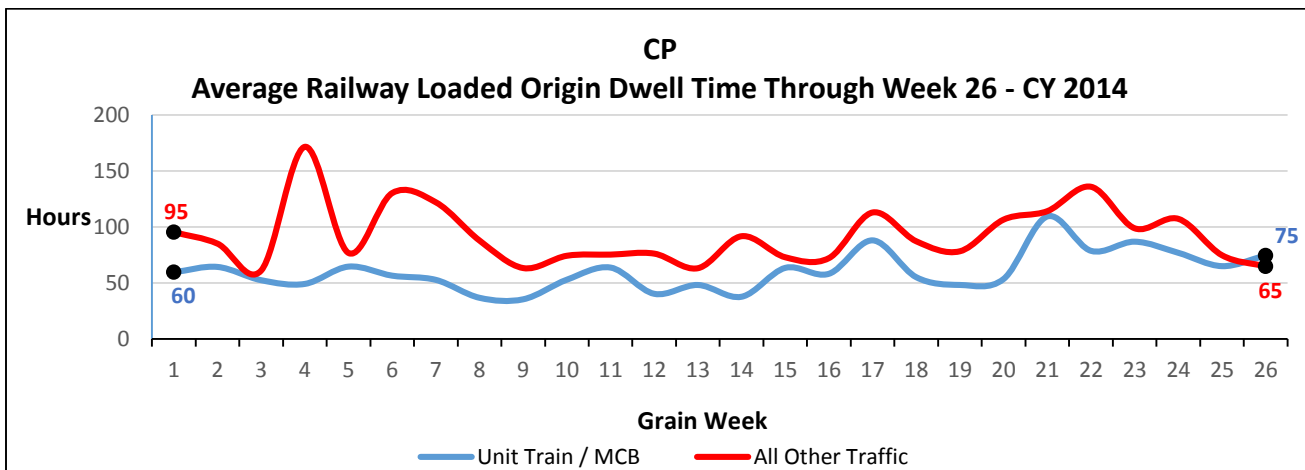
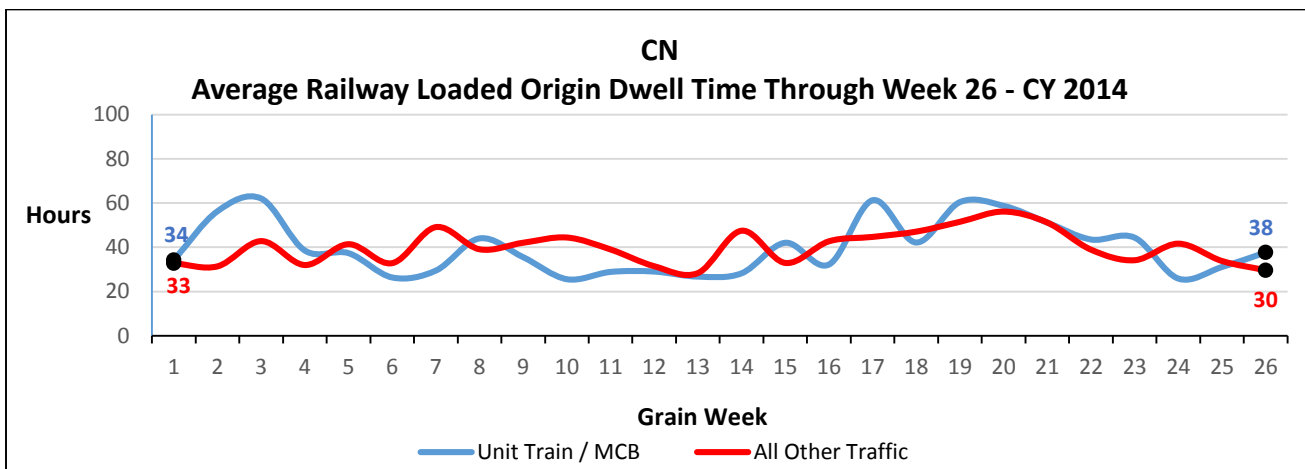


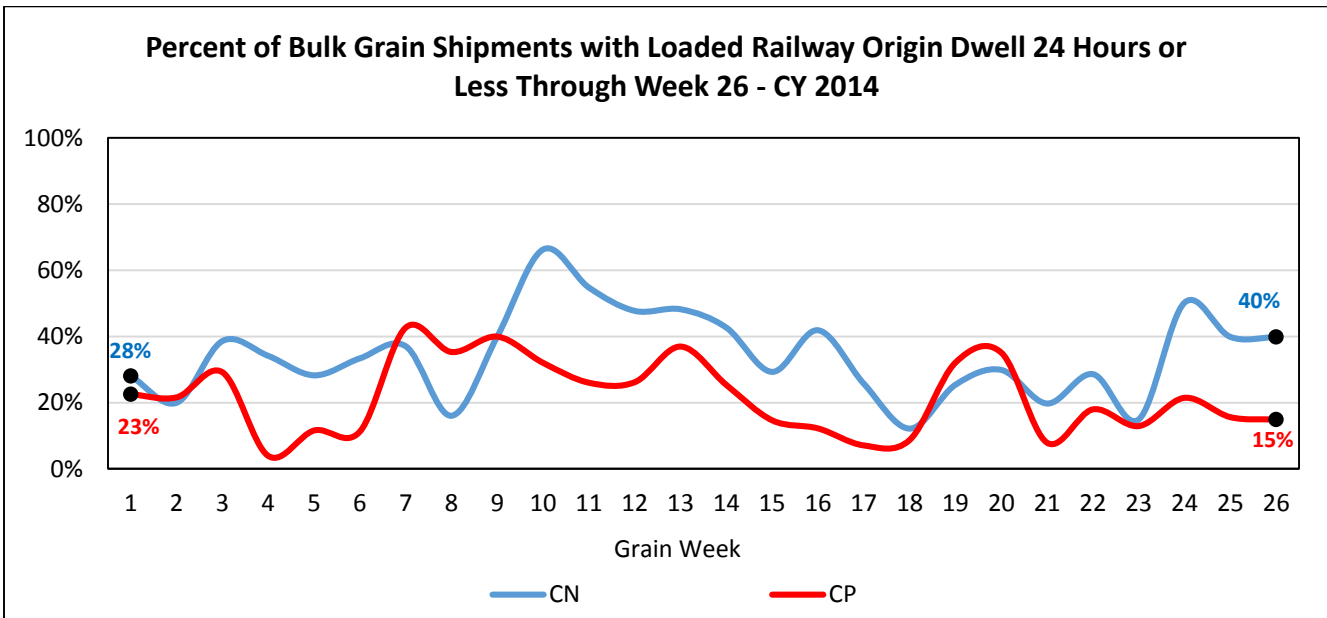
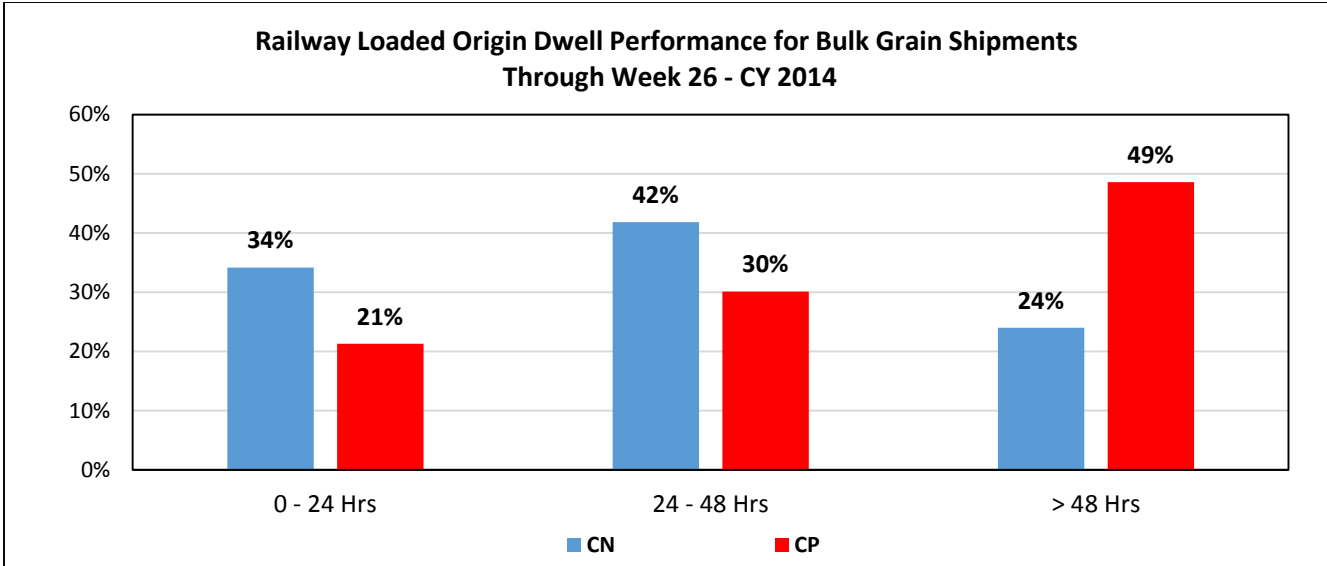
Origin Dwell Performance

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.

