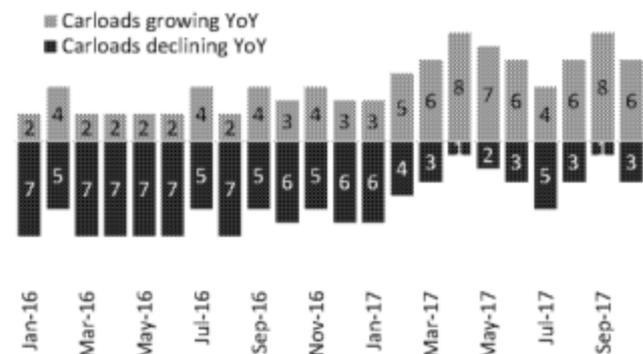




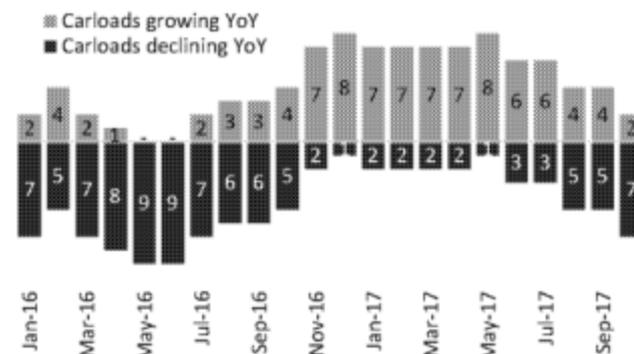
On the other hand, CNI's carload trends appear to be losing steam with Intermodal and "Other" being the only carload groupings up yoy over the past four weeks.

Figure 7: CP carload growth appears to be gaining momentum...



Source: Deutsche Bank, AAR

Figure 8: as CNI's carload trajectory appears to be losing steam



Source: Deutsche Bank, AAR

CP is putting the pieces together to leverage a better network

After building a better foundation, i.e. lower-cost base and better service, CP has begun putting the pieces together to profitably grow its revenue base. A key piece, in our view, was the appointment of John Brooks as CMO in February, 2017. In the 2.5 years prior to John's appointment as CMO, Keith Creel was largely responsible for overseeing sales and marketing at CP. At the same time, however, Creel was acting COO and being groomed to be Hunter Harrison's replacement. Combined with the major task of turning around North America's least profitable railroad, it's easy to see how marketing/sales efforts largely went by the wayside. In addition to John's appointment as CMO, these efforts have been reinvigorated through a number of initiatives:

- Trip Plan - Introduced in late 2016, Trip Plan allows customers to track shipments on a car by car basis thereby eliminating inefficiencies and increasing delivery accuracy. This service helped drive on-time performance above 90% in 2016 (well above industry avg).
- Enhanced intermodal offering - CP recently opened its transload facility in Vancouver which helps steamship lines more efficiently manage their containers. Transload facilities enable the interchange of commodities to different rail cars / containers. This allows CP to utilize a steamship's containers for inland originating traffic destined for ports, thereby reducing costs to its customer by eliminating transportation costs on empty containers. To this point, empty export containers out of Vancouver are up over 40% ytd through September.
- Expanding sales/marketing footprint - CP announced just last month that it is expanding its sales and marketing presence in Asia. Positions are being added in China and Singapore to expand business with current customers and attract new ones. This follows a number of other announcements over the past several months aimed at improving CP's product/market reach through increased communication with its customers.
- Dedicated Train Program - Introduced during the 2014/15 crop year, CP's Dedicated Train Program (DTP) allows its customers to control