



7. **Canadian Pacific (CP):** Based in Calgary, Canada, operates approximately 12,500 of route miles spanning six Provinces in Canada and 13 states in the U.S. (serving cities like Minneapolis, Milwaukee, Detroit, Chicago, and New York).

- **Class II & Class III:** Defined as railroads with revenues above \$40M (Class II) or under \$40M (Class III). Together they account for just under one-third of North American track mileage, made up of over 20 regional railroads (Class II) and over 500 local/short line railroads (Class III). Class II railroads connect with Class I carriers for long-haul shipping, and Class III provide rural communities with links to larger networks. Because of their small size short line rails are typically consolidated.

Figure 17: Regional exposure by railroad

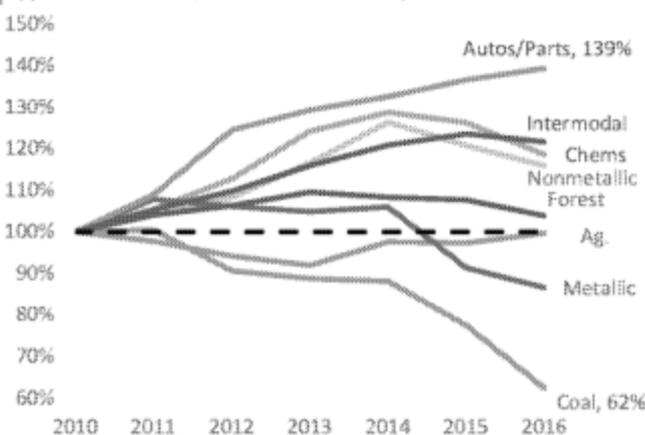
Region	Geographical Footprint						
	UNP	CSX	NSC	BNSF	KSU	CP	CNI
Northwest U.S.	•			•			
Southwest U.S.	•			•			
Midwest U.S.	•	•	•	•	•	•	•
Southeast U.S.	•	•	•	•	•		•
Northeast U.S.		•	•			•	•
Canada						•	•
Mexico				•			

Source: Deutsche Bank, Company filings

North American carload and intermodal trends

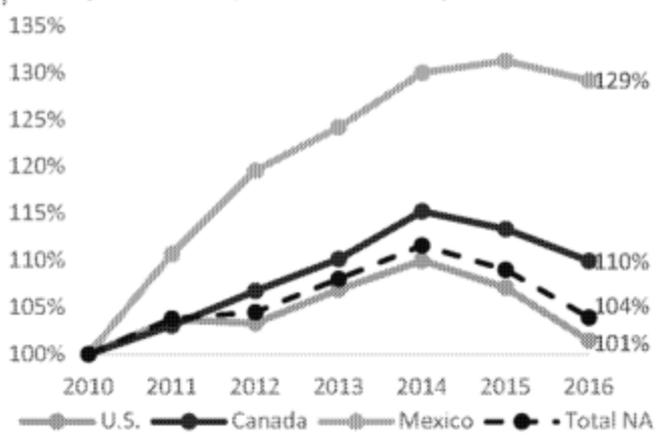
Total NA carloads have declined at a 1.6% CAGR since 2010 reflecting a 7.6% decline in Coal volumes offset by strong growth in sectors like autos/auto parts (+5.7%) and chemicals (+2.9%). Total traffic, which includes carloads and intermodal volumes, has increased at a 0.6% CAGR since 2010 – reflecting a 3.3% growth in intermodal traffic. From a regional standpoint, Mexico has seen the strongest growth with carloads increasing at a 4.4% CAGR amidst strength in autos (+7.2%) and intermodal (+8.3%) while the U.S. has been the laggard.

Figure 18: Longer-term movements in NA rail traffic by type 2010-2016 (rebalanced to 100)



Source: Deutsche Bank, AAR

Figure 19: Longer-term movements in NA rail traffic by country 2010-2016 (rebalanced to 100)



Source: Deutsche Bank, AAR