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The Honourable Marc Garneau, P.C., M.P.  
Minister of Transport  
330 Sparks Street  
Ottawa, ON K1A 0N5

Dear Minister,

I am writing in response to your letter dated November 22, 2018, which requests additional information on Canadian Pacific (CP)'s preparedness to meet demand during the 2018-19 winter.

I am pleased to report that CP remains on track to move Canada's grain, and all other commodities, safely and efficiently during the upcoming winter, as described in our winter contingency plan report. Although we are currently seeing strong demand across the network, and from many lines of business, the railway is performing well, and we are heading into winter with strong momentum. CP is currently moving record gross tonne-miles, and our network velocity is at its high point for the year. We are essentially current with shipments across all commodity types. Moreover, our focus on grain is unrelenting: in October, we broke our all-time record for the shipment of grain, as we moved 2.64 million metric tonnes of Canadian grain and grain products.

With respect to your specific questions, I am pleased to provide the following information.

- 1. Whether CP, in light of your most up-to-date forecasts, has sufficient crew and locomotives to meet expected demand.*

Based on our most recent forecasts and robust winter planning, we do not anticipate challenges with locomotive availability this winter. As outlined in our winter contingency plan, CP has added 100 fully remanufactured locomotives, which increases our road power fleet by approximately 20 percent. Even though we are currently at the peak of our typical fall demand, we have approximately 20 high horsepower locomotives in storage, as they are not required to move the current volume of traffic. These locomotives are ready for deployment if demand is such that they are required.

With respect to crew resources, based on current and forecasted demand, we have sufficient crews in all Canadian Terminals. CP has been hiring additional

crews, consistent with the plans outlined in our winter contingency plan report. Our training classes are fully subscribed, as we have more than 1200 employees in training. The majority are running trades employees. They will deploy across the system over the course of the winter.

*2. The areas of the network most likely to be affected if there is a shortage of crew and/or locomotives.*

The Edmonton area is the one location on our network where crews could be a concern, given the strong growth in the region and the chance that significant demand could shift suddenly from CN to CP. Accordingly, we continue to hire aggressively in the Edmonton area. We also have a contingency of managers deployed, in a rotating schedule, in Edmonton until additional hiring/training is completed.

*3. The actions that CP intends to take should additional crew or locomotives be needed on short notice.*

In the unforeseen event that we need even more locomotives on the system to meet demand, CP can draw on lower-horsepower locomotives in storage or locomotives from other railways. Should additional crews be required on short notice, over and above the significant new hires that are qualifying and deploying, CP can draw upon its qualified manager crews. We have substantially increased our manager crew base as we head into this upcoming winter. Management crews are used on a contingency basis to support recovery efforts in the event of an unexpected service disruption from extreme winter operating conditions or unplanned outages on the network.

We continue to collaborate closely with our customers and other supply chain partners to ensure strong coordination with, and cooperation from, all components of the integrated supply chain this winter. CP has increased our outreach and communications to other supply chain stakeholders to ensure they understand the actions we are taking, and to continue supporting a strong and healthy supply chain.

CP is on track to invest \$1.6 billion in capital enhancement and expansion this year, which is helping deliver additional capacity and safety improvements throughout the network. We have given guidance that we plan a similar capital investment next year. As you know, CP has plans to purchase 5,900 new high-capacity grain hopper cars. We have placed an initial order of 1,000 cars from National Steel Car of Hamilton, Ontario. CP has already received 261 of these new hopper cars, and will have 500 in service by the end of 2018 and another 500 in first quarter of 2019. Over the next 4 years, this new fleet will fully replace the old low-capacity Government of Canada hopper cars.

As requested, CP will publish the information in this letter on our website before November 30, 2018.

Again, thank you for your letter, and for your ongoing attention to the health and performance of Canada's supply chain. I am confident that CP has the proper contingencies in place to ensure the railway is prepared to meet the needs of our customers, and the broader economy, even during challenging winter operating conditions.

Please do not hesitate to contact me should you have any additional questions.

Sincerely,

A handwritten signature in black ink that reads "Keith Creel". The signature is written in a cursive style with a large, sweeping initial 'K'.

Keith Creel  
President and Chief Executive Officer