

Asia Pacific Workforce & Corridor Productivity & Innovation Roundtable

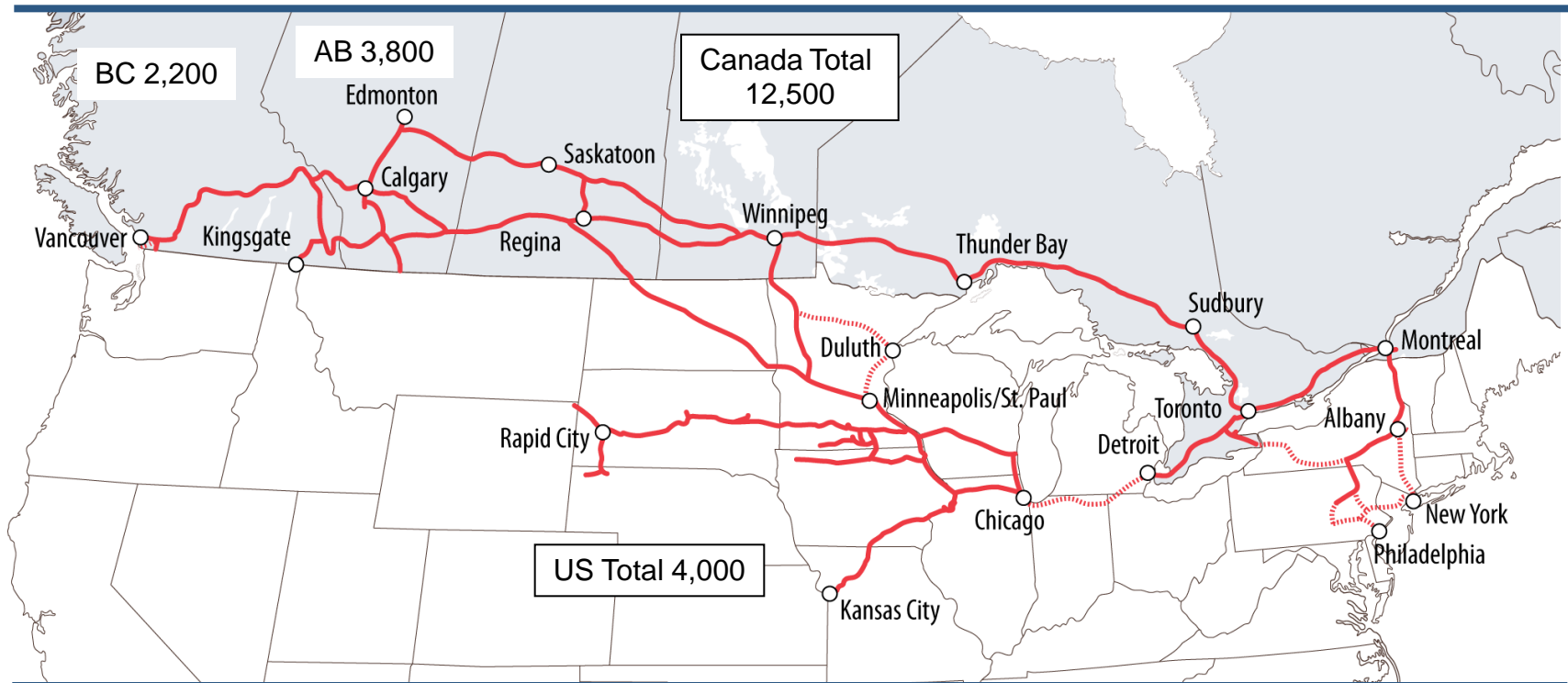


June 21, 2011

Canadian Pacific's Network

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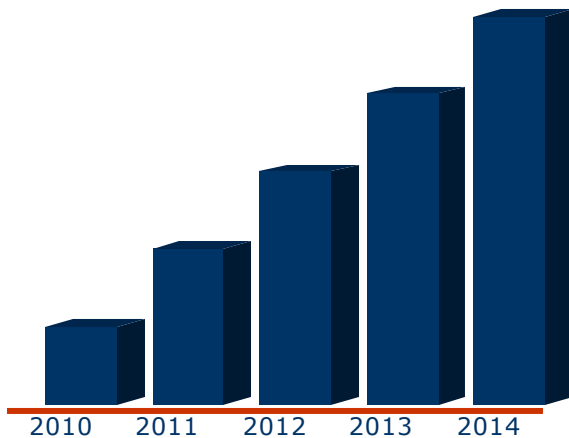
Canadian Pacific employees approximately 16,500 employees in Canada & US



- Highly unionized workforce
 - 7 Bargaining Units in Canada
 - 27 Bargaining Units in U.S.
- Multiple crafts & professions
 - Train employees, Track Maintainers, Mechanical Service employees, Management & Professional staff, Clerical, Rail Traffic Controllers, Signal Maintainers, Police
- Multiple regional labour markets

Internal Demographics & Changing Labour Markets present opportunities & challenges

Forecasted unionized attrition
(Number of employees, cumulative)



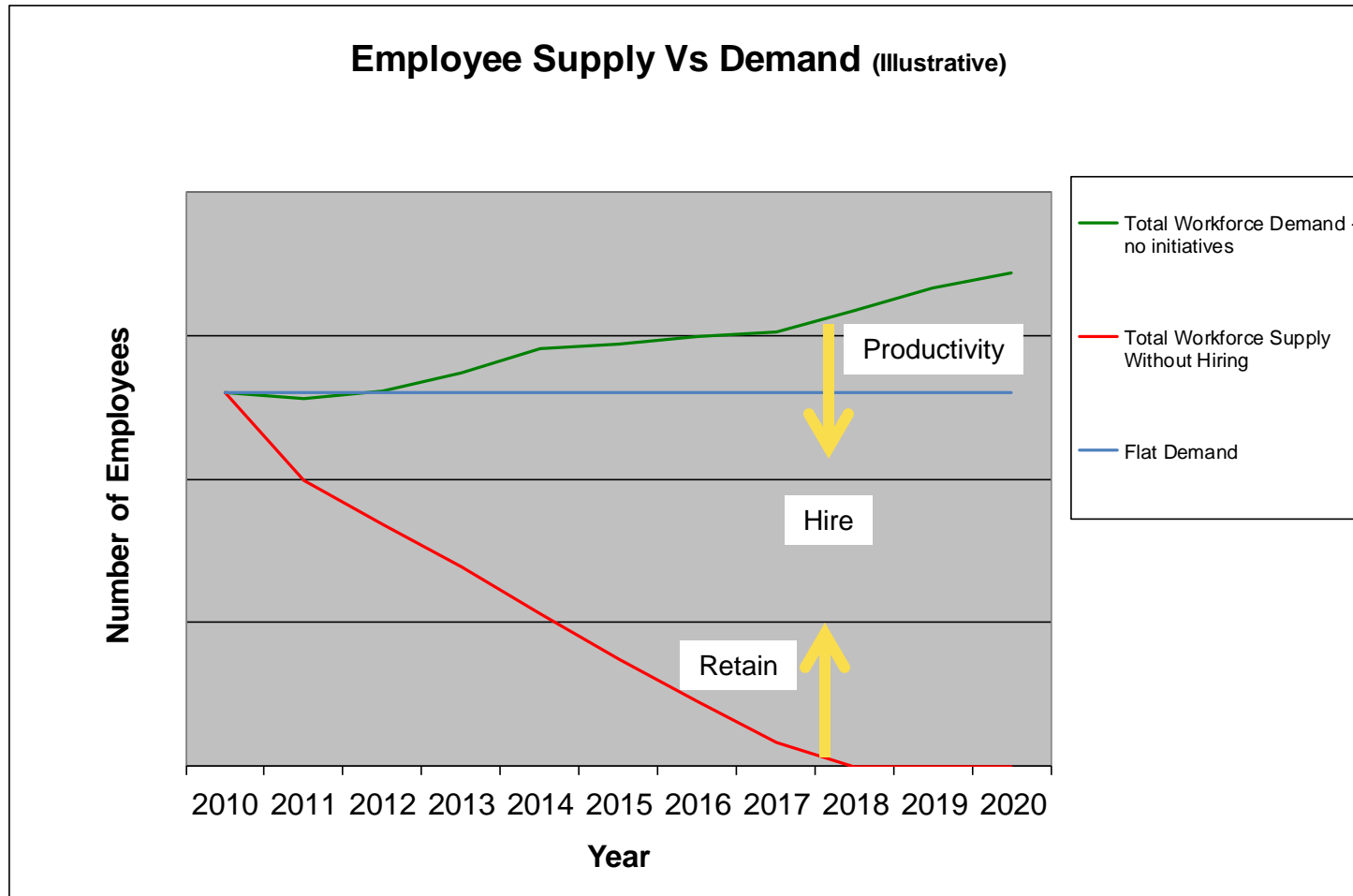
- Opportunities
 - Implement and Leverage Technological & Organizational change
 - Renew CP workforce – New attitudes/New ways of thinking & working
 - Shift Culture & Performance
- Challenges
 - Significant levels of hiring/Tighter Labour Markets
 - Attraction/Retention of the workforce of the future – Value proposition
 - Driving significant change

	From	To
Supply	- Relatively large supply of qualified talent pool. - Relatively homogenous workforce (ethnicity).	- Labour Supply matching demand very closely resulting in labour shortages particularly in skilled areas and in certain geographic locations. - Increasingly diverse labour supply as governments use immigration to make up for supply shortfall. - Competition from EU (and world wide) for skilled immigrant labour.
Employee Expectations	- Willing to trade personal time, non-standard work hours for job.	- Greater demand for “family time” week-ends, work/life balance particularly for skilled positions.
Skill Level	- More unskilled than skilled positions required.	- Increasing proportion of skilled positions required.

Demographic Implications – Firm Level

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Multiple approaches required to match demand at firm level.

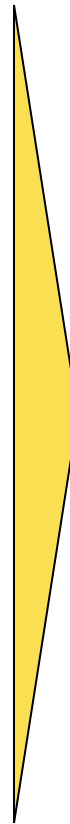


Objective – Decrease Demand through Productivity
- Maintain supply through retention
- Hire

Challenge - How to attract & retain sufficient qualified staff in the face of a large wave of retirements, escalating labour demand, increasing competitive labour markets & higher expectations of new hires for better work life balance (in operations which require 7/24 coverage.)

■ Approaches

- Enhance productivity of current workforce
 - Application of Technology
 - Streamline processes
 - Retrain/Redeploy
- Retention
 - Employee engagement
 - ◆ FLM, Employee communication
 - Graduated retirement
- Attract & retain new workers
 - Labour Workforce Model
 - Build competitive value propositions
 - Increase flexibility to compete in regional labour markets
- Reduce time/cost to hire & train
 - Establish strong sourcing relationships – on/off shore
 - Better enabled to manage variability on location basis



■ Enablers

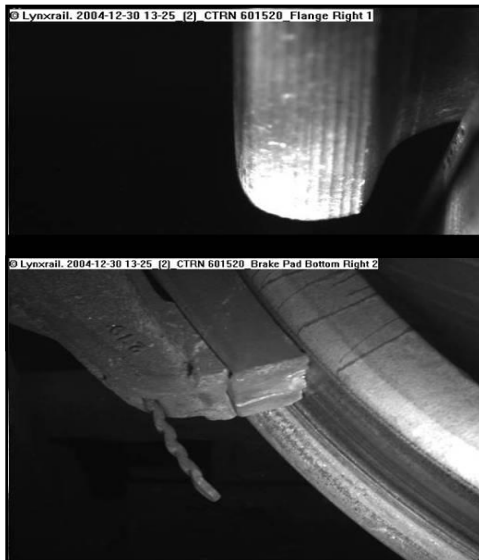
- Innovation
 - Regulatory flexibility
 - Commercialization
- Labour Work Force Data
 - Macro & Regional view
 - Demand & Supply
- Training/Retraining
 - Matching education programs to future demand
- Immigration policy
 - Ensuring sufficient amount of supply at the right location at the right time
 - Flexible & efficient programs

Leveraging new technologies for improving reliability, safety & productivity

- Automated Track inspections
 - Ultrasonic rail flaw detection
 - Infrared digital imaging rail ties
 - Digital imaging joint bars
- Automated Train inspections
 - Hot box detectors
 - Wheel impact load detectors
 - Hot/Cold wheel detectors
 - Technology Driven Train Inspection

- Example: Technology Driven Train Inspection

- less train/car dwell in terminals → service
- fewer manual inspections → productivity
- improved quality of inspection → safety



- *Wheel flange and brake shoe inspected in train at a speed of 45 mph*