CP Rail and CIFFA Event
October 30th, 2019
Introduction
CIFFA
The Voice of Freight Forwarding
CIFFA’s Mission

“To represent and support members of the Canadian international freight forwarding industry in providing the highest level of quality and professional services to their clients.”
Knowledgeable shippers rely on CIFFA members for expertise worldwide

261 Regular Members
• Freight Forwarding Companies
• 625 Branch locations

158 Associate Members
• Carriers/ports/rail
• Advertising/law/insurance/financial firms
• Packaging companies
• Customs Brokers, etc.
• 289 Branch locations
Membership Benefits

- Standard Trading Conditions
- Membership to FIATA
- Training
- Directory Advertising
- Expert Guidance
- Advocacy
- Fact Sheets / White Papers
- eBulletin
- Networking Opportunities
- Affinity Programs
Membership – Strategic Initiatives

1. Membership growth and strengthened member engagement
   • Creating more value for Members
   • Expand membership to include Global Logistics providers
   • Enhanced and expanded educational programs
   • Increased relevance with youth segment

2. To become industry consultants
   • Go-to global supply chain experts
   • Lobbyists for the industry

3. International presence
   • Partnerships that strengthen our positioning
Educational Programs

- Certificate Programs (leading to the PFF and/or FIATA diploma)
  - International Transportation and Trade
  - Essentials of Freight Forwarding
  - Specialized Freight Services
  - Supply Chain Management and Marketing

- Exam Challenge
- PFF Designation
Educational Programs con’t

- CIFFA/Schulich Management Program; Sales Strategies, Customer Service Culture, Finance
- Air Cargo Security Courses
- Road, Air and Ocean Dangerous Goods Courses
- Workshops: Letters of Credit, Essentials of Exporting, Cargo Insurance, Incoterms®, Transborder Shipping, Protecting Your Business with CIFFA Standard Trading Conditions
Education

- College Programs
  - 14 Colleges
  - 800 graduating students with CIFFA Certificates
  - Employment rates from one of the partnered colleges were as high as 85%
Strong and united voice through Advocacy

• CIFFA represents member firms with various government and regulatory bodies
• CIFFA informs members and educates regulators
• CIFFA seeks input and strives to enhance trade capabilities, assisting members in the delivery of competitive solutions
• CIFFA addresses issues that affect member companies daily on a tactical and strategic level
Our Advocacy at Work

• CIFFA’s Public Affairs Manager facilitates three committees of member stakeholders, led by a Chair from the Board of Directors.

• The Committees deal with concerns around Airfreight, Seafreight and Customs.

• The Committees hold conference calls on a quarterly basis at minimum, and more frequently when emergencies arise.

• Stakeholder input, via these Committees, informs more informed regulatory decisions by government.
Agenda

1. International and Domestic Intermodal Team
2. Intermodal Network
3. Capacity to Grow and Differentiators
4. Business Enablers
5. Demand Management
6. State of Labor Agreements with Unions
7. Winter Contingency Plan
Intermodal Network

Domestic Intermodal 12% / International Intermodal 10% of Freight Revenue

- Domestic Canada 50%
- Domestic U.S. 1%
- Domestic Cross Border 7%
- Ports 40%
- Other International 2%
## Intermodal Network
Port of Vancouver - Short Routes and Fast Transits

<table>
<thead>
<tr>
<th>Origin</th>
<th>Destination</th>
<th>Hours</th>
<th>Miles</th>
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<tbody>
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# Intermodal Network

Port of Montreal - Short Routes and Fast Transits

<table>
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<td></td>
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Capacity to Grow

Differentiators

Locomotives | Railcars

Terminals

Advantages for Customers
Capacity to Grow

**Terminals**
- **Toronto**: Shovel-ready land available for expansion at Canada’s largest intermodal terminal
- **Chicago**: Plans to develop Bensenville to increase capacity and efficiency
- **Minneapolis**: Project underway to reconfigure terminal and create new capacity as well as dedicated on-site empty storage area
- **Vancouver**: Opportunities to develop multi-modal supply chain infrastructure

**Locomotives**
- CP has been focused on modernizing our existing fleet to improve efficiency, which has a direct impact in our ability to size up our fleet to support incremental demand
  - Over the last three years CP modernized a total of **170** locomotives
  - Upgraded locomotives have **3% improved fuel efficiency** and **60% lower failure rate**

**Railcars**
- As participant of TTX pool, **CP** works in partnership with **TTX** to size the fleet appropriately based upon annual forecasts provided by customers
- CP also sizes and manages seasonality according to demand and store cars for contingency/surge purposes across the network.

**Gensets**
- **41 brand new**, state of the art **powerpack gensets** give CP more reefer protective service than anybody else in the market
CP’s Toronto Advantage

- 500 acre footprint
- 150+ acres vacant
- Ability to more than double operations
- Ability to co-locate with customers
- Empty depot on-site
CP’s Chicago Advantage

- Bensenville terminal is located in the northernmost part of Chicago near O'Hare Airport
- Closest terminal to North East Wisconsin and Milwaukee
- Schiller Park terminal was re-opened in 2018 to allow for continuous growth in Chicago
More Room to Grow

- **Ability to expand** operations across the network including Vancouver, Calgary and Edmonton

- **Optimized yard configuration**, increased capacity and efficiency in **Calgary**

- **240 acres** of vacant land in **Edmonton**

- **Unmatched ability to expand** footprint in Canada’s largest trade gateway - **Vancouver**
Differentiators

Advantages

- **No terminal reservations** allows for greater flexibility for all supply chain partners

- **Empty equipment storage on site** across our network but critically in Toronto and Montreal provides drayage cost optimization and a more efficient supply chain flow.

- **Capacity for reefer shipments** throughout the week and the ability to grow immediately

- **Shorter terminal wait times** across our terminals in Canada and the USA

- **Lower port dwell** in Vancouver and Montreal gives our customers an advantage in the market
Differentiators
Truck Dwell Time Performance – Intermodal Terminals

Vaughan (Toronto), ON – 46 min

Lachine (Montreal), QC – 49 min

Calgary, AB – 34 min

Chicago, IL – 40 min
Advantages for Customers

- Shorter waiting times
- Improved assets utilization
- Cost optimization

AVAILABLE CAPACITY + FLUID TERMINALS = LOWER DWELL TIMES
Business Enablers

Automation Tools

Transload
Business Enablers
Enhanced Product

**CP TempPro**
- 41 brand new, state of the art powerpack gensets give CP more reefer protective service than anybody else in the market
- Supports growing reefer DRP to get 40’RF to high-demand export markets in Winnipeg, Calgary and Vancouver

**CP FastPass**
- Smartphone-powered automated gate system speeds up transaction times to seconds for entry/exit moves at all CP terminals

**Portal Live Lift**
- Live Lift operation at Portal, ND
- Eliminates innocent bystander containers held at US Customs
- Speeds up crossing time and reduces transit to key markets in Ohio Valley, Minneapolis, Chicago and Detroit

**Asia HQ**
- CP’s Asia HQ in Shanghai supported by industry expert, Corey Heinz and our team of employees in Beijing and Tokyo allow CP to stay close to customers Asia
Business Enablers
Enhanced Product

CP TempPro

- 41 brand new, state of the art powerpack gensets
- Peace of mind - 24/7/365 real-time tracking with the latest in telematics technology
- Dedicated temperature-control solutions team
- One of the largest and most advanced fleet of refrigerated and heated containers in the industry.
CP FastPass

- Smartphone-powered automated gate system

- Speeds up transaction times to seconds for entry/exit moves at all CP terminals

- Cameras, automated kiosks and gate arms are across the network – allow for unified permit entry and exit of trucks.
Demand Management

Reduced Variability

Capacity Created
Demand Management

- **Demand management video**

- **Requested Arrival Date (RAD)**
  - RADs tell us what customers want
  - Allows CP to smooth demand and create capacity
  - Better asset utilization and network balance = better service
State of Labour Agreements

Canada

US
State of Labour Agreements

Total

30

- Canada: 7
- US: 23
- **91%** of agreements are valid through **2020** and beyond*

*Based on the number of active employees per agreement

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<th>UNION CONTRACTS</th>
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<td><strong>CANADA</strong></td>
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<table>
<thead>
<tr>
<th><strong>U.S.</strong></th>
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<tr>
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<td>2020</td>
</tr>
<tr>
<td>11 Contracts</td>
<td>2021</td>
</tr>
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CP reached a number of long-term agreements with unions in 2018, including Conductors and Engineers.
Winter Contingency Plan

Impact of Winter on the Railway

2019 - 2020 Plan
Winter Contingency Plan

Objectives of Winter Plan

Proper winter planning helps prepare the railway for all winter scenarios, thereby ensuring a resilient rail system that can continue serving the needs of our customers – even during the harshest winter operating conditions.

Winter Plan provides a series of coordinated, proactive and synchronized initiatives among Commercial, Mechanical, Engineering, and Operating entities within Canadian Pacific in both Canada and the United States.

Winter Contingency Plan

Impact of Winter on the Railway

Train Speed

- During winter conditions, the system’s overall velocity is reduced because of increased risk of equipment and infrastructure failures.
  - by at least 10 MPH for negative 25 degrees Celsius
  - by at least 20 MPH when temperatures drop below negative 35 degrees Celsius

- Speed reductions are critical to safe operations in extreme cold.

Train Length

- Cold weather increases air leakage in a train’s air brake system, which results in varying air pressures between the head end and tail end of a train.
  - Example, a 10,000-foot train arriving at a terminal may be restricted to 7,000 feet upon departure
  - 3,000 feet of rail traffic left in the terminal – constrain

- Trains must be shortened when the temperature is below negative 25 degrees Celsius to maintain similar air pressure throughout the air brake system.
Winter Contingency Plan

2019 – 2020 Plan Highlights

- Investing a record $1.6 billion in capital improvements
- Modernizing 170 locomotives by 2020, with 130 completed to date
- Training 775 new employees
- Implementing cold wheel detection technology (ABE Automated Brake Efficiency program)
- Harnessing predictive analytics to forecast failures before they happen
- Installing a new weather station at Stephen, AB
Winter Contingency Plan

Plan Milestones

**Pre-winter planning and forecasting**

- Comprehensive and robust winter contingency planning begins in the summer

- CP develops winter plans for each region, subdivision, rail yard and facility across the network

**2019-2020 Winter forecast and modelling**

- CP reviews sophisticated winter weather prediction models and data from several meteorological services

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Our in-house specialists analyze weather data and make use of the best predictive modelling available in an effort to forecast the conditions we are likely to encounter over the upcoming winter, including the type, severity and geographical reach.

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Summary of CP’s early forecast of the 2019-2020 winter trends across our network:

- Western Region: Average snowfalls through the mountain corridors; below average precipitation through BC western interior.
- Prairies to Northern Ontario: Higher chance of prolonged cold events and above average snowfall.
- Eastern Region (Ontario, Quebec, New York): Average/below average temperatures and above average precipitation.
- Chicago and South Region: Elevated chance of significantly colder periods and stormy weather events.
Winter Contingency Plan

Winter Readiness

Weather forecast and network temperature monitoring
- Real-time monitoring and warning protocols distributed across the rail network
- Hot Box Detectors provide real-time track-level monitoring of ambient temperatures across the network

Equipment
- CP deploys a variety of equipment to clear snow and mitigate impact of winter:
  - CP plow and spreaders
  - CP snowfighters
  - Railway switch heaters
  - Weather station in Stephen, AB

CP NETWORK AMBIENT TEMPERATURE (HOT BOX DETECTOR) MONITORING SYSTEM
Winter Contingency Plan

Technology and innovation

Avalanche preparedness

- Risk of avalanches mitigation and having people and equipment in place to recover quickly from an avalanche

- We have put 29 snow/rock slide fences and seven snow sheds; one located in Alberta and six in B.C.

Distributed Power

- Instead of just having power at the front of the train, distributed power allows for locomotives to be placed strategically throughout the consist

- Distributed power enables air supply to the brake pipe in multiple points through the train to maintain brake pipe pressure

CP is committed to continually improving customer communication and responsiveness.
Canadian Holiday Train Schedule on https://www.cpr.ca/holiday-train/canada
Thank You