



**CANADIAN
PACIFIC**

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Date: November 1, 2012
To: TCRC GCs
From: Guido
Subject: Handling Of Productivity & Safety Issues

Gentlemen:

I am writing to you today with a significant concern over some recent incidents involving productivity and safety.

What I am seeing are failures that are no more than employees simply ignoring their most basic duties. I trust that this is as unacceptable to you as it is to me. We pay a fair day's wage and we expect a fair day's work. We have trained, coached, and mentored employees. Despite that, we continue to have basic failings on obvious job requirements and a number of employees who openly display disdain for the requirements of their job.

We recently had a crew that was on duty for 11 hours and 45 minutes, and yet performed just four hours of work, despite numerous opportunities to do more. I simply will not accept this, nor should anyone else. We investigated and then dismissed the crew. Despite such a strong signal that the culture is changing, we have had other crews behave in ways that were unproductive. Those cases are currently under investigation. Our customers are why our business exists. They deserve our very best each day.

On the safety front, we continue to have incidents that could have been easily avoided with simple adherence to the rules. The crews involved, for reasons best known to themselves, ignored basic operating rules and principles. As a result, we have had damaged equipment, derailed cars, and other safety infractions. I cannot accept this either.

Employees who demonstrate willful indifference to safety put themselves at risk, as well as their co-workers and the public. Beyond that, they cause damage to equipment and delays to our customers. There is no excuse for it and no tolerance.

I am putting all Managers and employees on notice that anyone who blatantly disregards productivity or safety will be investigated. When it is determined that a manager or employee has demonstrated indifference to their duties the disciplinary response will be significant, up to and including dismissal. While I recognize that this change will not be positively received by all it is obvious that our business necessitates it. I will have this letter posted at all of our workplaces so that the employees can understand the change, and our expectations.

We must improve our work, we must deliver consistently reliable customer service and we must deliver sound financial results. Doing so benefits us all as it allows us to reinvest, to grow and to provide well-paying jobs.

If you have any questions on this change I will be pleased to discuss them with you. I also look forward to your suggestions for improvement.

Sincerely,

A handwritten signature in black ink that reads "Guido Deciccio". The signature is written in a cursive, flowing style.

Guido Deciccio
Senior Vice-President
Canadian Operations