

Solutions for North America's Transportation Crunch and Railroad Investment Conundrum

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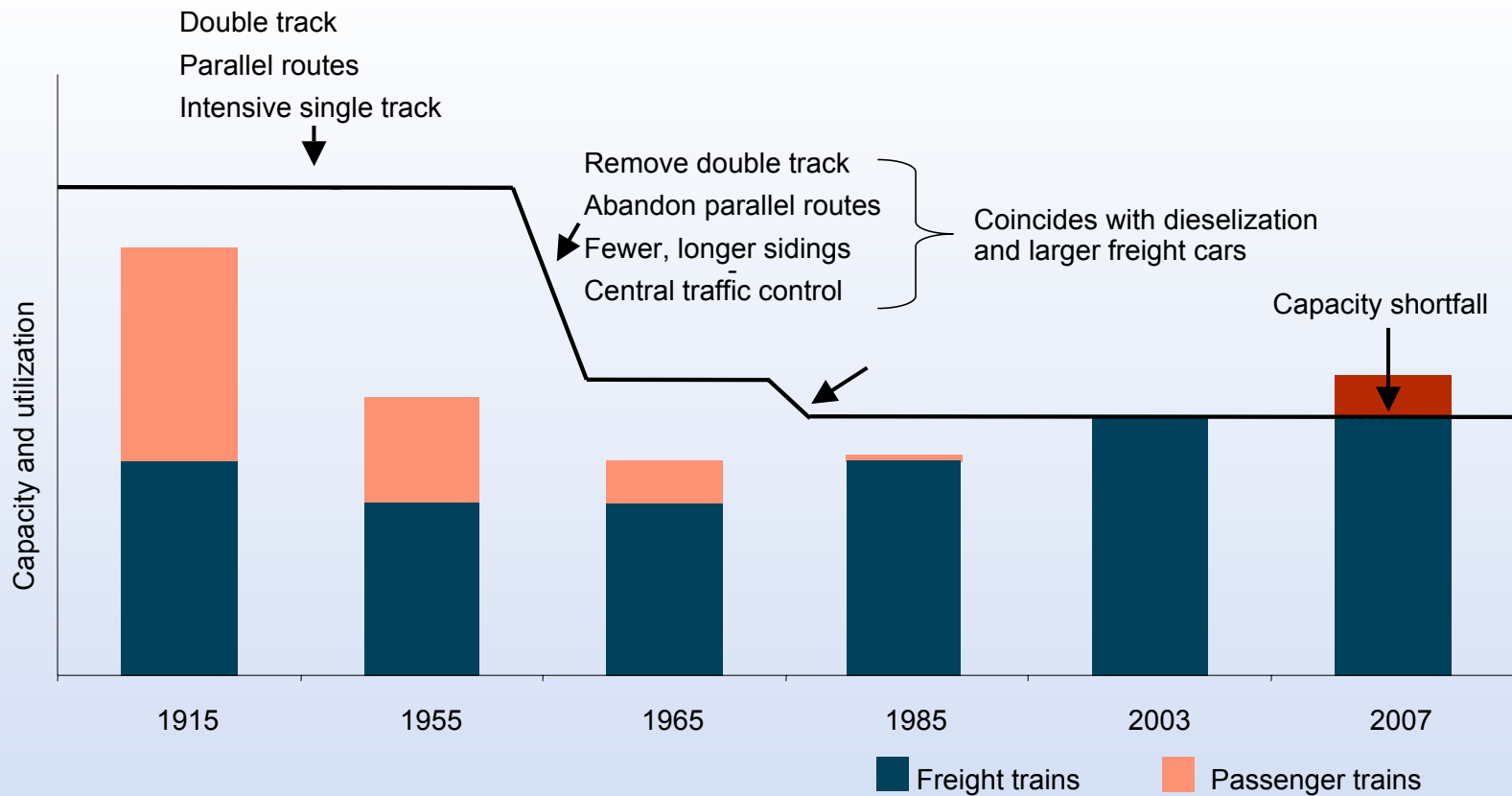
Two burning issues for railroads



Network Capacity

Infrastructure Investment

End of the 'network holiday'?



The most significant challenge facing the North American railroad industry now and for the next 20 years is adequate additional investment in the network.



Input tax burden

North American Freight Industry - 2003

Input taxes paid* (\$US '000)	\$3,350,322
Miles of road operated	151,393
Taxes per mile of road operated (\$US)	22,130
Tons originated ('000)	2,126,192
Taxes per ton originated (\$US)	1.58

*Includes Canadian pension expenses

(Source: Railway Association of Canada)

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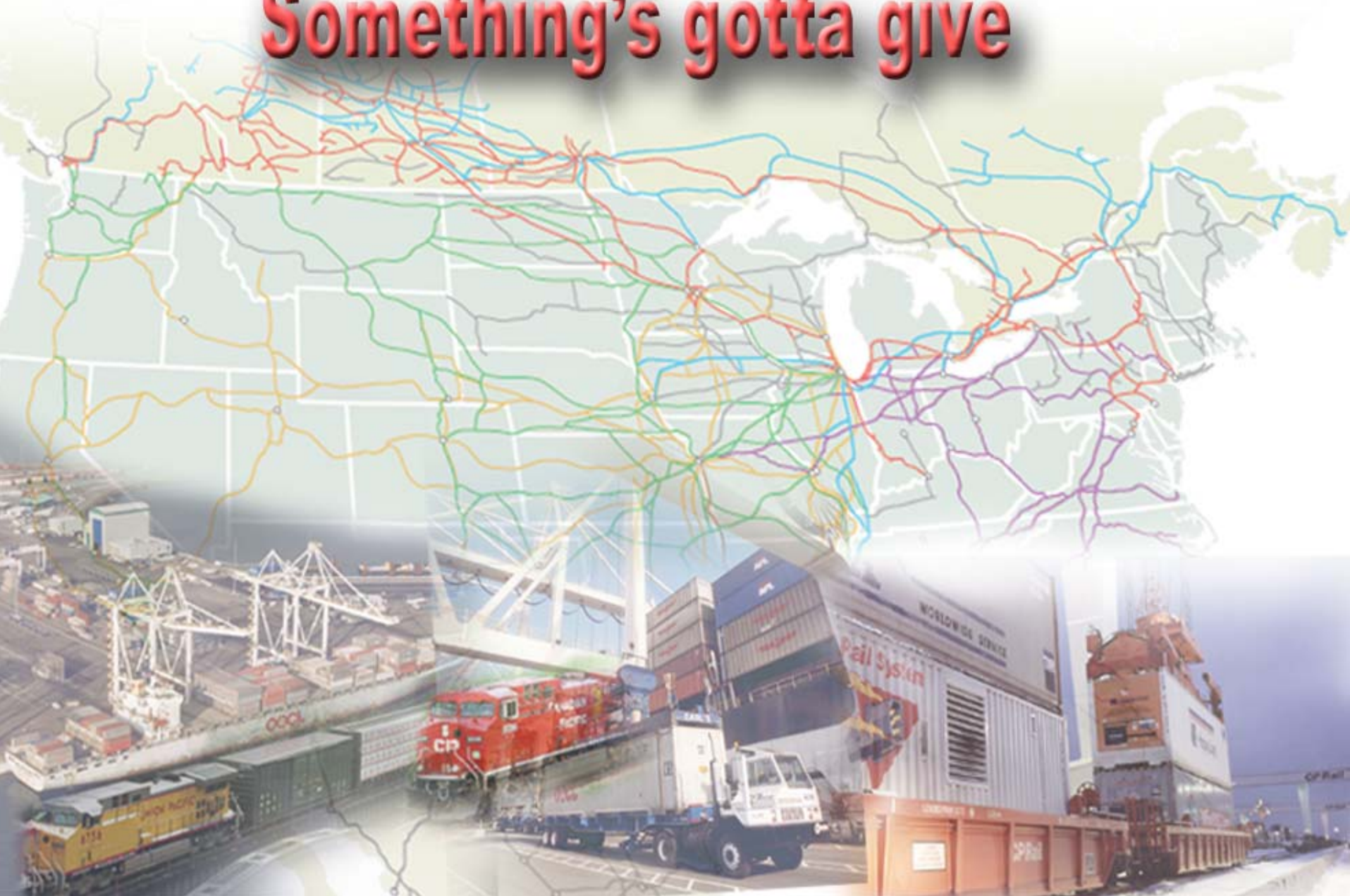
Free cash flow after dividends

(CDN \$ million)

1999	(552.7)
2000	(40.8)
2001	18.9
2002	131.7
2003	*(475.4)

*includes \$300-million one-time pension funding payment

Something's gotta give



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Three steps to increase capacity and investment

- Regulatory and taxation reform
- Public–private partnerships
- Engage public policy makers



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