

CPKC



Building Resiliency: 2023-2024 Winter Contingency Report

September, 2023

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Message from the President and Chief Executive Officer

On behalf of Canadian Pacific Kansas City (“CPKC”), it is my pleasure to present our 2023-2024 Winter Contingency Report. This is our sixth annual winter report, and our first as CPKC. This report describes our plan to safely and reliably transport goods and resources, including grain and grain products, during the challenging Canadian winter.

CPKC is the pioneer of railroading in the harsh Canadian winter. We have railroaded in challenging winter conditions since 1881, particularly through the steep mountain ranges of Alberta and British Columbia. Throughout our history, we have been at the forefront of innovation aimed at overcoming and mitigating the inherent challenges of winter railroading. Although winter is unavoidable in Canada, the type and severity of conditions and their geographical scope vary dramatically from year to year. Consequently, it is imperative to plan for different winter weather scenarios across North America, including the potential for prolonged severe winter conditions that can affect railway operations across CPKC’s network. Effective winter planning helps prepare the railway for different winter scenarios so that CPKC can safely serve the needs of its customers, and by extension the broader economy, even during the harshest winter operating conditions.

Certain severe winter weather conditions require adjustments to our operations to maintain safety, which is foundational to everything we do. For example, when temperatures drop below negative 25 degrees Celsius, a train’s speed, length and weight must be reduced to safely operate. These necessary operational changes unavoidably lower overall system velocity, which reduces the shipping capacity of supply chains. Similarly, winter storms that cause snowfall and ice require the deployment of significant assets and resources to keep track corridors and railway terminals clear and safe. Given CPKC’s network reach through the Rocky Mountains, the railway must also be vigilant to the threat posed by avalanches and must be prepared to respond if the rail network is impacted.

Our new combined CPKC rail network is building resiliency and expanding options for shippers in Canada and across North America. Following a thorough regulatory process, on March 15, 2023, the United States (“U.S.”) Surface Transportation Board (“STB”) authorized the merger of Canadian Pacific (“CP”) and Kansas City Southern (“KCS”), recognizing the many public benefits of the transaction. CP and KCS officially merged on April 14, 2023 to create CPKC, the first and only Class 1 railway network uniting North America by seamlessly connecting Canada, the U.S. and Mexico. Drawing on our strong foundations and heritage, we believe CPKC is the most relevant rail network in North America. We have unrivalled geographic reach across a 20,000-mile rail network with access from Vancouver to Saint John in Canada, and south to 12 Gulf and Pacific ports in the U.S. and Mexico. CPKC is driving competition, building resiliency and supporting economic growth, trade and environmental sustainability across the continent.

As we prepare for another Canadian winter, there are several avoidable threats that risk undermining the capacity and reliability of supply chains that depend on rail transportation, particularly during the challenging winter months.

First, the persistent challenge of loading grain onto vessels in Vancouver during periods of inclement weather is a major constraint on the export capacity of Canada’s grain supply chain. Rain or snow is frequent during the winter months in the Vancouver region. When terminal operators do not load grain onto vessels, trains must be held back from the port, causing cascading delays throughout the grain supply chain. This interrupts the balanced and efficient cycling of railcars from the in-country elevators to the port, and then back for re-loading. This challenge is unique to Vancouver. Other port terminal operators in the U.S. Pacific Northwest have the infrastructure and practices in place to continue safely loading grain in the rain or snow. The Government of Canada must show leadership to resolve this issue by bringing together all stakeholders to find safe and pragmatic solutions. The full potential of Canada’s ability to export grain to the world will be limited until this is resolved.

Second, the federal government’s decision to resurrect extended interswitching will incentivize the diversion of traffic from Canadian rail networks to U.S. rail carriers, which means fewer investment dollars and jobs in Canada. This was a key consequence of this policy when it was tried previously from 2014-2017. Since it incentivizes inefficient behaviour, extended interswitching also risks higher transportation costs for all users of the rail network. Extended interswitching is fundamentally inconsistent with the goals of building capacity and maximizing volume throughput in Canadian supply chains, and is harmful to Canadian shippers, consumers and workers.

Finally, the federal government’s commitment to introduce legislation prohibiting the use of replacement workers during strikes or lockouts will result in even more frequent and longer labour disruptions at Canada’s railways and ports. Canada recently experienced the consequences of a prolonged strike at West Coast port terminals, which disrupted supply chains and businesses across North America. More labour disruption impacting Canada’s supply chains will harm Canadian consumers and exporters, and damage Canada’s international reputation as a reliable trading partner.

These public policy and industry choices represent entirely avoidable headwinds for performance and reliability of Canadian supply chains, particularly during the challenging Canadian winter operating environment.

As we prepare for the upcoming winter, we take pride in our past and look to the future with the same boldness, ambition and fortitude that drove our railroaders in 1881. Our team of dedicated railroaders looks forward to delivering for our customers, day in and day out, through the 2023-2024 winter season.

Respectfully,



Keith Creel

President and Chief Executive Officer

Executive summary

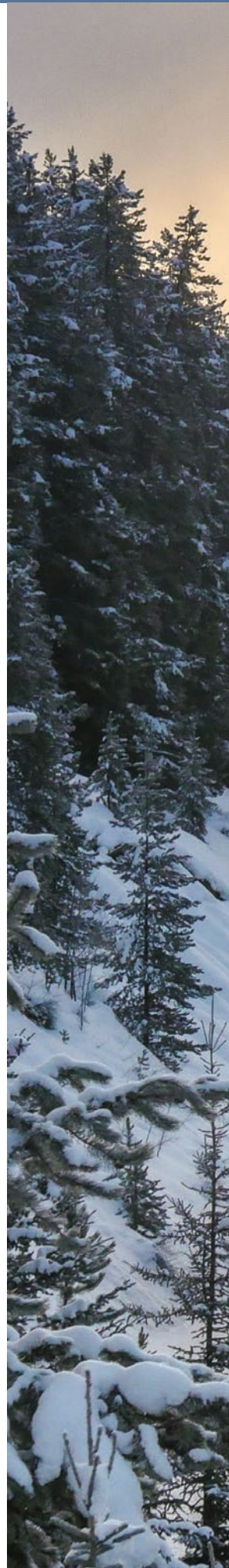
CPKC is pleased to submit its 2023-2024 Winter Contingency Report to the Minister of Transport, as required by Section 151.01 (2) of the *Canada Transportation Act* ("CTA").

Although it is still early in the season, the Canadian Centre for Climate Modelling and Analysis and the U.S. National Oceanic and Atmospheric Administration suggest that an El Niño event can be expected through the 2023-2024 winter in the Northern Hemisphere. The last three winters were influenced by a La Niña weather pattern, which delivered colder-than-normal temperatures and increased precipitation. In contrast, an El Niño winter season this year is expected to deliver warmer-than-normal temperatures and dryer conditions across western Canada and the northern U.S., with increased precipitation in the southern U.S. El Niño driven weather patterns increase the likelihood of extreme weather in many parts of the world, which could impact transportation logistics and supply chains across the globe. As winter approaches, CPKC refines the forecast models as higher probability data becomes available.

CPKC's 2023-2024 Winter Contingency Report highlights include:

- An introduction to CPKC and how the new, combined rail network provides an opportunity for enhanced competition and capacity in the North American rail industry, expanding options for shippers by connecting them directly to more ports and more markets.
- An overview of CPKC's improved winter operating performance since adopting the Precision Scheduled Railroading ("PSR") operating model a decade ago, while also leading the industry in safety performance.
- Forecasting and predictive winter modelling and the company-wide winter contingency planning that helps the railway prepare for adverse winter conditions.
- Assessment of CPKC's ability to move grain and other traffic during the upcoming winter season, based on current winter forecasts and anticipated customer demand.
- A recap of CPKC's successful 2022 hiring plan that saw more than 3,800 new employees added across the legacy CP and KCS networks, including approximately 550 new locomotive engineers and conductors in Canada, to provide the railway with the people needed to operate efficiently and meet the demand for rail transportation this winter.
- Information on technology and innovations that CPKC has implemented to enhance safety and operational performance.
- Effective customer communications to facilitate strong coordination and synchronization of all supply chains throughout winter.
- A summary of collaboration and cooperation with provincial and federal government departments and agencies.

The winter contingency measures that CPKC has in place support the resiliency of the rail network so that Canadians can rely upon CPKC to provide a safe, efficient and essential freight transportation service. CPKC's railroaders are the best in the world, and they are proud to serve the needs of rail customers, even as the railway confronts the harshest of winter operating conditions.





Part 1: Canadian Pacific Kansas City

Recognizing the public interest of a combined CP-KCS, the STB issued a final decision approving the transaction on March 15, 2023. In its decision, the STB found that the combination will stimulate new competition, create jobs, lead to new investment and drive economic growth. The STB also recognized the safety and sustainability value of the transaction:

"The Board expects that this new single-line service will foster the growth of rail traffic, shifting approximately 64,000 truckloads annually from North America's roads to rail, and will support investment in infrastructure, service quality, and safety. Indeed, approval of this transaction may even enhance safety...thus, any rail traffic diverted to CPKC from other railroads will likely mean traffic moving to a railroad with a better safety record."¹

April 14, 2023, marked an historic day in our 142-year history as CP and KCS officially combined to create CPKC, the first and only seamless Class 1 rail network connecting Canada, the U.S. and Mexico. CPKC believes this new rail network will be the most relevant in North America, generating significant new opportunities for the transportation of Canadian goods and resources to reach markets in the U.S. Gulf and deep into the heart of Mexico.

The combined CPKC network creates new competition and new capacity in the North American rail industry, expanding options for shippers by directly connecting goods and resources with more ports and more markets. CPKC opens new long-haul routes for Canadian shippers and unrivaled access to major ports across North America. These new single-line routes allow the efficient flow of freight across the continent, generating new optionality for shippers and receivers. CPKC's single-carrier routes support increased trade flows, economic growth and enhanced competition for shippers, while lowering greenhouse gas ("GHG") emissions across the continent.

"Shipping of grain, automotive parts and vehicles, and intermodal goods will improve with new single-line options, and shippers will have opportunities to expand their market reach."

– STB Approval Decision, March 15, 2023

"...it will eliminate the need for the two now-separate CP and KCS systems to interchange traffic moving from one system to the other. This will enhance efficiency, which in turn will enable the new CPKC system to better compete for traffic with other large Class 1 carriers."

– STB Approval Decision, March 15, 2023

Already a sustainability leader in the transportation industry, CPKC is the ideal partner to support the transition to low-carbon clean fuels and assist our customers in meeting Canadian targets to reduce GHG emissions to net zero by 2050.

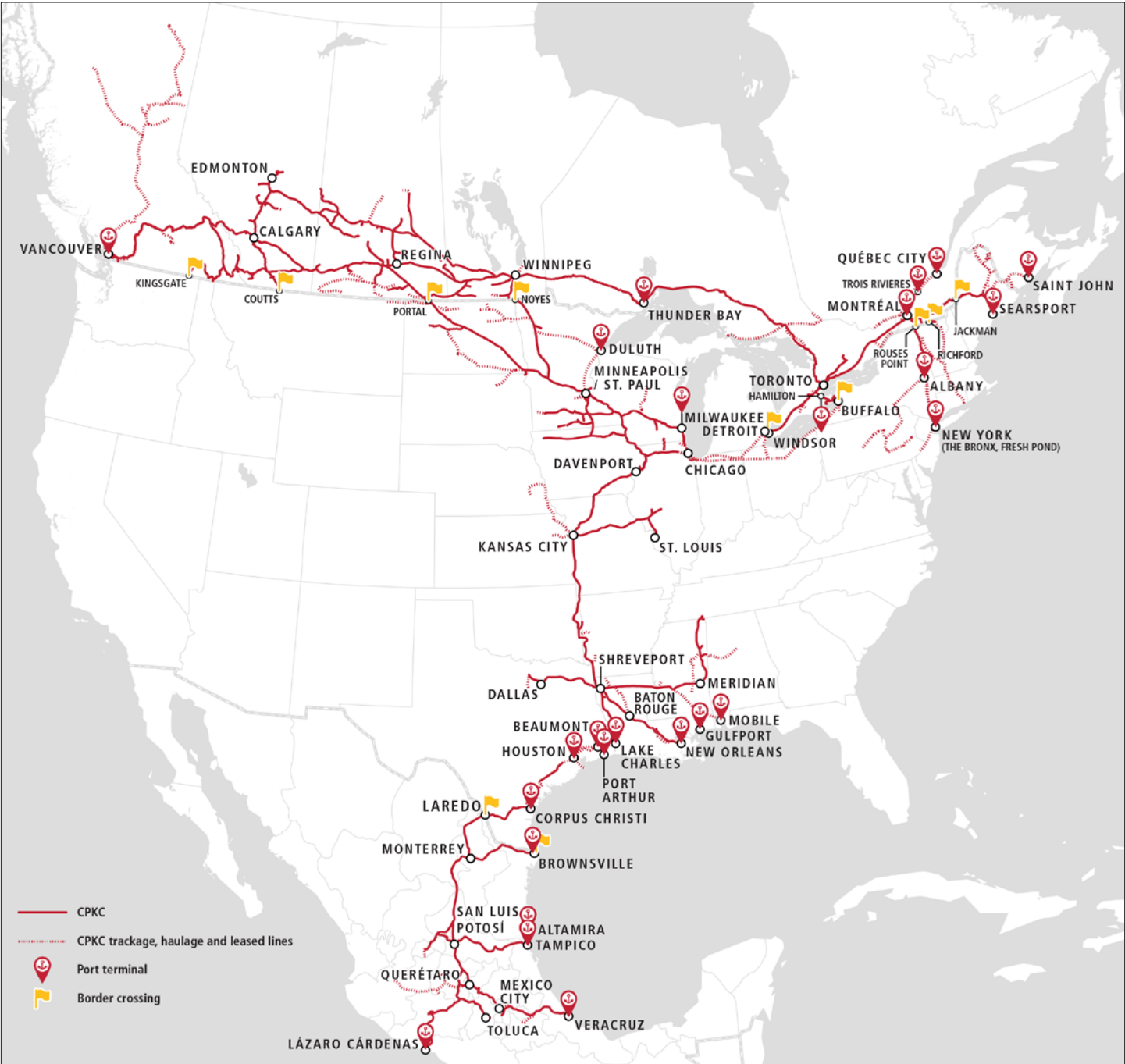
"Growth in rail traffic resulting from the merger will be safer, more efficient, and will have fewer emissions than the truckloads that it will remove from North American roads."

– STB Approval Decision, March 15, 2023

CPKC is driving significant environmental benefits across North America. We anticipate the combined network will avoid more than 1.9 million tons of GHG emissions over the next five years through improved operational efficiency and the diversion of more than 64,000 trucks to rail.

¹ STB Approval Decision Docket No. FD 36500, "STB Approves CP/KCS Merger With Conditions and Extended Oversight Period," March 15, 2023.

FIGURE 1: CPKC NETWORK



Part 2: Winter operating performance

Industry-leading safety performance

At CPKC, safety is foundational to everything that we do. In 2022, our legacy CP network again led the North American rail industry in safety, achieving the lowest train accident frequency among all Class 1 railroads for the 17th consecutive year, as measured by the U.S. Federal Railroad Administration’s (“FRA”) reportable train accident frequency. The legacy CP network’s train accident frequency is 69 percent lower than the Class 1 industry average, a gap that has widened considerably over the past decade since CP adopted the PSR operating model. We also achieved the second-best year ever for personal injury performance in 2022, which marked a 40 percent improvement since 2016, as measured by the FRA’s personal injury rate statistics.

FIGURE 2: FRA-REPORTABLE TRAIN ACCIDENT FREQUENCY RATE, (PER MILLION TRAIN MILES)

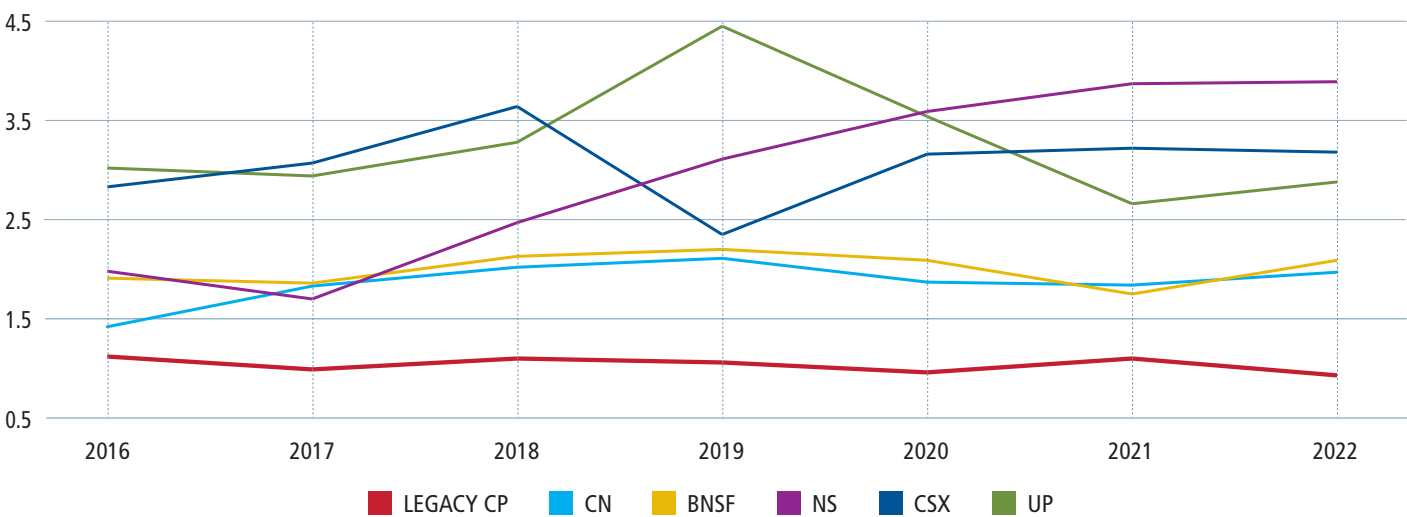


FIGURE 3: CP VS. CLASS 1 AVERAGE FRA TRAIN ACCIDENT FREQUENCY (PER MILLION TRAIN MILES)

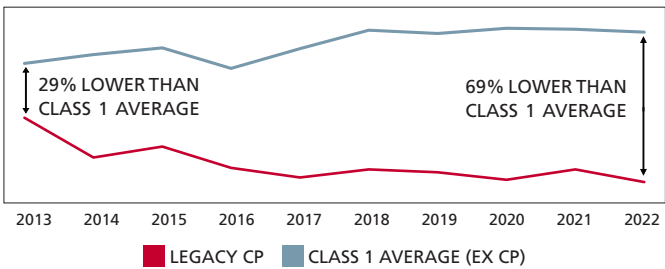
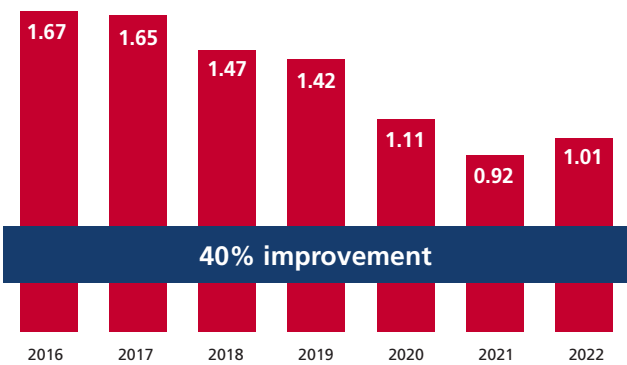


FIGURE 4: FRA PERSONAL INJURY FREQUENCY (PER 200,000 EMPLOYEE-HOURS)



Strong capital investment enabled by PSR

In 2022, we invested nearly \$1.6 billion to enhance the safety, fluidity, capacity and resiliency of the legacy CP rail network. As a newly combined rail network, CPKC is maintaining strong levels of capital investment in 2023. On June 28, 2023, CPKC released updated guidance targeting capital expenditures of approximately \$2.6 billion to \$2.8 billion per year across the combined network for the 2024-2028 period.

Counting only the legacy CP network, our capital investments have increased significantly since 2013, after CP began adopting PSR. Capital investment over the past decade is approximately 50 percent higher, in 2022 dollars, than it was in the decade prior, before CP adopted the PSR operating model. The discipline of PSR enables investment to expand capacity, enhance resiliency, increase efficiency and improve safety performance, all of which generates significant benefits for our customers and the competitiveness of Canada’s economy.

The implementation of PSR a decade ago has enabled CPKC to significantly increase its capital investment, which has, in turn, unlocked substantial benefits for customers, such as improved service reliability and higher productivity at all times of the year, including winter.

PSR has driven impressive performance improvements across every metric, which are benefiting CPKC’s customers and Canada’s supply chains during the winter and all other seasons. Fundamentally, PSR is an unrelenting commitment to moving a customer's freight from origin to destination in the safest, most reliable and most efficient manner possible.

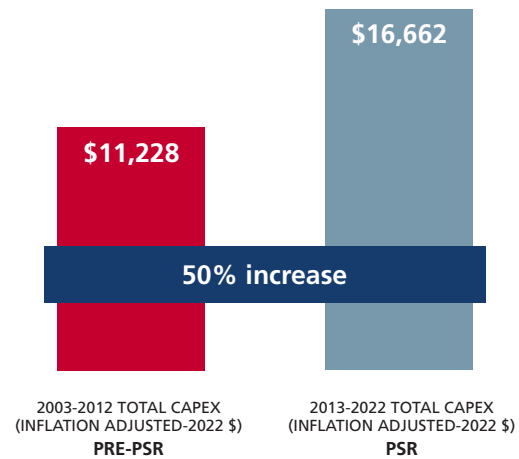
PSR was developed more than 25 years ago. It is a philosophy that departs from the practice of holding trains until they are completely full. The old model, thought to be beneficial to railway efficiency, could often delay customer shipments. By contrast, PSR prioritizes the delivery of a customer's shipment from origin to destination as quickly and safely as possible. It is similar to the passenger airline industry’s operating model where a plane will leave at its scheduled departure time regardless of whether all seats are filled because this is the best way to run an efficient, synchronized and high performing network.

PSR demands a schedule and a plan for every asset. This enables the railway to track progress and optimize railcar and locomotive use, and it gives the customer the ability to better plan for shipment arrivals and departures. While simple in theory, successfully executing PSR is not easy. It requires the coordination of all aspects of operations, including train and crew scheduling, equipment availability, track and rail car repairs and synchronization with other elements of the supply chain, such as customers and ports.

Today, CPKC has evolved PSR into an overarching philosophy that fundamentally values safety, efficiency and performance. The value of PSR for customers, employees and Canada’s multiple supply chains is clear and proven. PSR allows for more reliable service for customers, including smaller shippers. No shipper, large or small, is left behind.

While winter weather will always impact performance, PSR has enabled CPKC to make investments in people, processes and technology that make our network more resilient during challenging winter conditions.

FIGURE 5: CP CAPITAL INVESTMENT, PRE-PSR VS. PSR (IN MILLIONS CDN\$)



Winter operations and PSR

CPKC's winter operating performance has improved dramatically since 2013 when the company adopted the PSR operating model. Improved winter performance is driven by increased capacity on the network, which is made possible by significant capital investments to upgrade and expand infrastructure. For example, on the standalone legacy CP network, average train length for the winter season during the first quarter of 2023 (January-March) was 7,636 feet, which represents a 24.1 percent increase compared to the more favourable non-winter operating seasons in 2013. Similarly, CP's first quarter 2023 train weight increased by 29.6 percent compared to the 2013 performance during the more favourable non-winter operating seasons. Train speed has also shown improvement since the adoption of PSR, especially during winter months. Average train speed in winter 2023 was 21.4 mph, a 15.6 percent increase from the other seasons in 2013. **These metrics demonstrate the creation of capacity on the rail network, including and especially during the winter months.** The capacity improvements over the past decade would not have been possible without CP's successful adoption and execution of PSR.



FIGURE 6: CP AVERAGE TRAIN LENGTH (FEET), 2013 OTHER SEASONS VS. 2023 WINTER

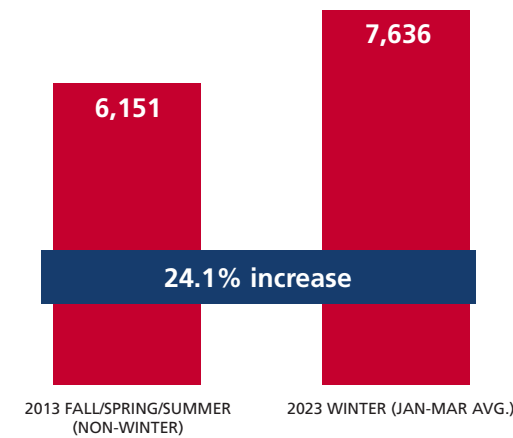


FIGURE 7: CP AVERAGE TRAIN WEIGHT (TONS), 2013 OTHER SEASONS VS. 2023 WINTER

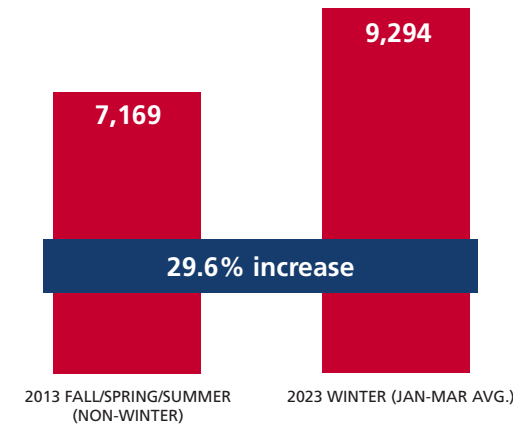
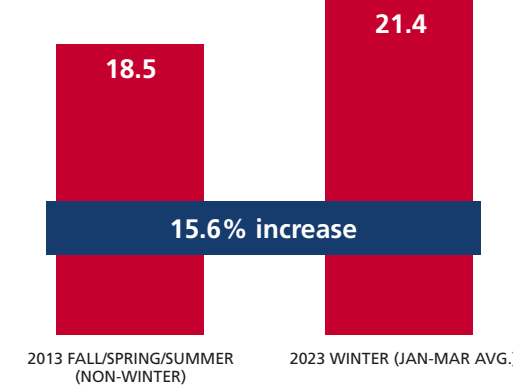


FIGURE 8: CP AVERAGE TRAIN SPEED (MPH), 2013 OTHER SEASONS VS. 2023 WINTER



Distributed locomotive power

CPKC uses distributed power to improve train handling and air brake performance. Instead of locomotive power only at the front or rear of a train, a distributed power model positions locomotives throughout the length of the train. Distributed locomotive power placement is used to maintain brake pipe air pressure when the ambient temperature falls. Distributed locomotive power enables air supply to the brake pipe at multiple points on the train to maintain consistent pressure, which can be critical for segments on CPKC's network that experience persistent periods of extremely low temperatures during the winter months.

Impacts of winter on supply chain capacity

Although CPKC has achieved meaningful improvements to the capacity and resiliency of its operations during challenging winter operating conditions, winter performance is fundamentally driven by physics and safety. Just like a difficult vehicle commute on roads during a tough winter day or an airplane that needs de-icing before take-off, severe weather conditions will have an impact on rail operations. This is unavoidable and, at a certain point, cannot be mitigated.

Severe winter weather conditions require adjustments to railroad operations to maintain safety, which must always be the first priority. When temperatures drop below negative 25 degrees Celsius, a train's speed, length and weight must be reduced. These necessary operational changes unavoidably lower overall system velocity, which reduces a supply chain's shipping capacity. Similarly, winter storms that cause snowfall and ice require the deployment of significant assets and resources to keep track corridors and railway terminals clear and safe. Given CPKC's network reach through the Rocky Mountains, the railway must also be vigilant to the threat posed by avalanches and must be prepared to respond if the rail network is impacted.

Operational performance data reporting

CPKC publicly reports performance data on a weekly basis, including revenue-ton-miles and carloads by line-of-business, average train speed and average terminal dwell. We also make a wealth of information and data available in our annual Grain Service Outlook Report and weekly grain scorecard. These metrics and information are available at cpkcr.com. CPKC also reports a wide range of weekly performance data to Transport Canada and to the U.S. STB. The data can be used to monitor current service conditions in the rail industry.



Railway and customer service performance metrics

There have been calls from some shipper lobby associations for railways to publish service performance metrics. The desire for additional data is understandable but misguided. Additional aggregate metrics provided only by railways would not be a valid or meaningful evaluation of rail service. Worse yet, it would be a distraction. For data to be truly meaningful, there must be full transparency throughout the entire supply chain and all factors must be taken into account. By isolating and focusing only on railway data, the wrong conclusion may be drawn and real opportunities for improvements may be missed.

The service a railway provides is always unique for each individual customer, depending on the customer's particular transportation needs, traffic forecasts and volume commitments, and their desired rate. The customer's own management and control of their supply chain and operational performance also affects their rail service. For example, if a customer is not unloading cars at destination (such as during periods of rain or snow in Vancouver, which interrupts vessel loading, or if a terminal is not staffed 24/7), they will be constrained with car supply at origin.

The level of service that the railway plans to supply a customer will typically be negotiated commercially and defined in a confidential contract that outlines the commitments of both parties and the consequences in the event of non-performance. In general, where a customer can provide the railway with a volume forecast or commitment, the railway is in a better position to plan the resources (i.e. operating crews, which take time to hire and train, and locomotive power) required to provide that level of service on the railway network. Without commitments from the customer, the railway does not have the ability to plan for, and dedicate resources to, servicing that particular customer. With a specific volume commitment from a customer, the railway can and does supply the resources required to provide a level of service that is commensurate with the customer's commitment.

In the grain context, more than 85 percent of Canadian grain and grain products that CPKC transports is through

the Canadian Dedicated Train ("DT") program, which has been in place since the 2014-2015 crop year.

Under the Canadian DT program, CPKC's grain customers choose the origins and destinations for their shipments and the number of grain unit trains they require to fulfill their shipping needs. The customer will choose and direct where trains are to be loaded at origin and the order and frequency of train placements. In other words, the grain company will determine which origins on CPKC's network it wants served and in what order. The grain company will make these determinations based on the volume, type and location of grain it has purchased from the farmer; the total amount of transportation capacity it has purchased from CPKC; and the type of grain required for a particular vessel expected at port.

The strength of the Canadian DT program is that it is reciprocal: it commits CPKC to provide capacity to a customer, and, in return, the customer commits to use that capacity. If CPKC fails to provide the agreed capacity to a customer or the customer fails to use the allocated capacity, there are reciprocal penalties.

Customers that choose not to participate in the DT program can order hopper cars through the open distribution program, which allows customers to request railcars from CPKC with two weeks' notice.





Part 3: CPKC's 2023-2024 winter contingency planning

Winter contingency planning begins each summer as CPKC starts analyzing weather data and forecasts for the upcoming winter. CPKC analyzes predictive meteorological modelling to help forecast conditions expected during the upcoming winter, including the type, severity and geographical reach. Although forecasts are predictions that can never be relied on, they are a critical planning tool that helps CPKC prepare for winter conditions.

Once weather models are analyzed, CPKC then develops specific winter plans for each region, subdivision, rail yard and facility across the network. CPKC strategically places assets and resources (i.e. snow removal equipment and sand) in locations across the network to improve CPKC's ability to respond quickly to winter weather. CPKC also develops winter contingency plans for Operations employees, Engineering and Mechanical personnel and the Operations Centres in Calgary and across the network.

2023-2024 winter forecast and modelling

As part of winter preparations, CPKC reviews winter weather prediction models and data from various meteorological services. The following is a summary of CPKC's early winter forecast, which is based on the best available information at the time of publication.

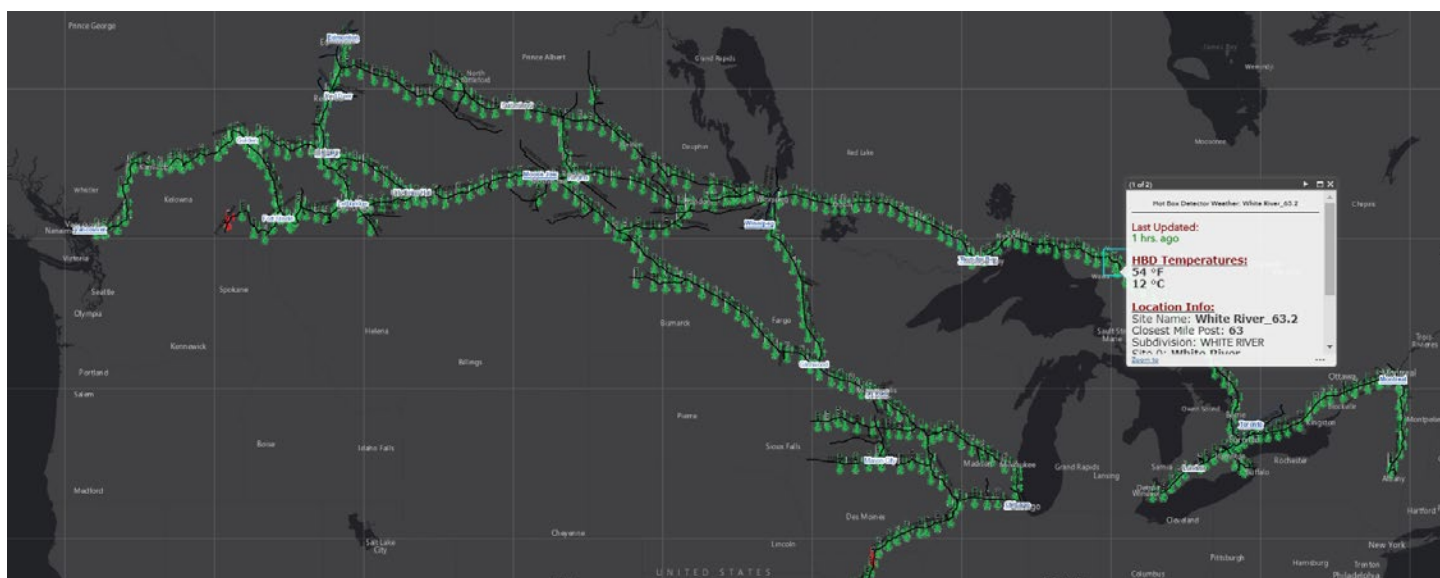
- The Canadian Centre for Climate Modelling and Analysis and the U.S. National Oceanic and Atmospheric Administration suggest a 95 percent probability of an El Niño event through the 2023-2024 winter in the Northern Hemisphere.
 - During a typical El Niño winter season, warmer-than-normal temperatures and dryer conditions are observed across western Canada and the northern U.S., and increased precipitation in the southern U.S.
 - Typically, Canada is most affected by El Niño in the spring and winter.
 - El Niño driven weather patterns increase the likelihood of extreme weather events in many parts of the world.
- Regional breakdown of probable forecasts:
 - » **British Columbia:** Below-normal precipitation and above-average temperatures.
 - » **Prairies and Northern Ontario:** Below-normal precipitation and above-average temperatures.
 - » **Ontario and Québec:** Near-normal precipitation and temperatures.
 - » **Atlantic Region:** Near-normal precipitation and temperatures. The U.S. NOAA predicts a 60 percent chance of an above-normal Atlantic hurricane season, potentially resulting in 14 to 21 named storms, with two to five becoming major hurricanes.
 - » **U.S. Midwest:** Slightly below-average precipitation and slightly above-average temperatures.
 - » **U.S. South and Gulf Coast:** Above-normal precipitation and near-normal temperatures.
 - » **Mexico:** Below-normal precipitation in the west, center, east and south, and above-average temperatures.



Winter readiness

CPKC has systems to monitor weather conditions across the rail network. For example, hot box detectors provide real-time track-level monitoring of ambient temperatures. This provides continuous situational awareness of changing temperatures and winter operating conditions, which informs operational decision making.

CPKC's Canadian Network Ambient Temperature (Hot Box Detector) Monitoring System



CPKC deploys assets and equipment to clear snow and mitigate the impact of winter.

CP snowplow/snow spreader

Heavy duty snowplow and snow spreading operations.



Railway switch heater

Forced hot air directed through ductwork melts snow and ice from switch components.



CP snowfighter

Smaller multi-purpose snow clearing equipment and snowplows help to spread and blow snow.



Weather station at Stephen, Alberta



The Stephen, Alberta location is equipped with a weather station and a remote viewing camera to monitor surrounding snow conditions. It provides real-time data that measures the atmospheric conditions CP trains will encounter in the area.

CPKC has installed weather stations between Calgary, Alberta and Swift Current, Saskatchewan to obtain more pinpointed wind gust data. This data will help mitigate intermodal train derailments during winter polar vortex conditions.

CPKC uses specialized trucks and heated blowers to remove snow from the tracks and switches. For winter service equipment, CPKC has 28 permanent snow fighters, 20 R.P.M. AF1 Hi-Rail cold air blowers and 91 ballast regulators that are converted into snow fighters to support winter operations. An additional four hot air blower jet engines and 18 cold air blowers are used to keep tracks and equipment clear.

Through effective planning and strong execution, CPKC supports expedited system recovery when severe weather causes network outages. As always, the first priority is the safety of CPKC employees and local communities. CPKC's response to a system outage will involve the deployment of heavy equipment and contractor resources to the site, and typically senior company officers and management crews will deploy to oversee the recovery. CPKC recovery operations work 24/7 until normal operations are restored.

Avalanche preparedness

CPKC's busiest corridor runs through the Alberta and British Columbia mountain ranges. Given the significant annual snowfall in these areas, avalanches can pose a risk to railway operations.

In areas prone to avalanches, CPKC has nearly 50 snowslide/rockslide fences (composed of poles and connecting wires) and seven snowsheds (one in Alberta and six in British Columbia).

The fences activate the signal system to prevent trains from proceeding in the event that snow or rocks pass through the connecting wires. A snowshed provides overhead protection by allowing snow to pass over tracks and trains when an unplanned avalanche occurs. This type of infrastructure significantly improves safety performance in avalanche-prone areas of the network.

Snowslide/rockslide fence



Snowshed



CPKC monitors snowpack conditions in proximity to the tracks. Crews will set off controlled avalanches when there is a high risk of a natural avalanche and will perform proactive avalanche management. This is important for maintaining safe operations, but it does consume system capacity given the need to shut down a corridor to manage unstable snow conditions in the mountains.

Snowpack monitoring



Avalanche control



Collaboration with Avalanche Canada and government agencies

In collaboration with Avalanche Canada and provincial and federal agencies, CPKC develops winter plans for the mountain corridors in Alberta and British Columbia. CPKC's western corridor faces unique challenges posed by steep mountain grades, sharp curves and proximity to steep mountain topography. This planning includes the use of external resources that provide CPKC with avalanche zone safety information, search and rescue training and avalanche condition monitoring and control. In addition,

the team coordinates between other transportation corridor stakeholders (Parks Canada and British Columbia Ministry of Transportation and Infrastructure) to streamline activities. This minimizes disruptions and maximizes safety performance for operating through mountain passes where the railway and highway are in close proximity. Parks Canada is an important partner in Banff National Park and Glacier National Park.

Customer and industry collaboration and communication

CPKC is committed to strong customer communications and responsiveness, especially during winter operations. Our Sales and Marketing team is in regular contact with customers to communicate the impact winter weather is having on the network. CPKC is also in regular contact with governments of all levels and relevant agencies to communicate these impacts and contingency plans.

CPKC is focused on delivering world-class service and results to our customers.

We use multiple tools to facilitate direct communications and provide access to up-to-date shipment and network information.

Customer Station: A web-based self-service option for shipment tracking and information, pipeline visibility, equipment status, bulletins and customer alerts.

Customer Service: Customers can reach CPKC representatives at our Network Service Centre day or night via toll-free telephone (1-888-333-8111), email or online messaging ("log an issue" feature).

Specialized Teams: CPKC's specialized service teams assist our customers with a full range of matters, including asset management, customs reporting and waybills.

Customer Advisory Council: Provides important feedback on a range of customer service initiatives to enhance service and supply chain integration.



Part 4: Moving grain and other freight traffic during the 2023-2024 winter season

Grain transportation

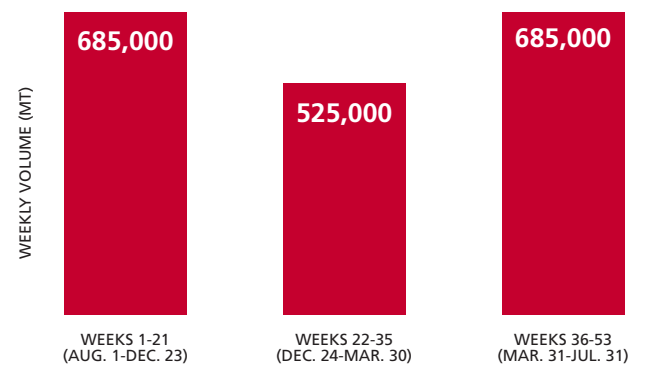
As described in CPKC’s 2023-2024 Grain Service Outlook Report, CPKC is well positioned to move grain and other traffic during winter 2023-2024. The Port of Thunder Bay is a major outlet for Canadian export grain moving by vessel on the St. Lawrence Seaway. Winter weather typically forces the Port of Thunder Bay and the seaway to close from late-December to March. CPKC is prepared to supply the capacity required to move 685,000 metric tonnes (“MT”) of grain and grain products each week during Grain Service Weeks 1-21 (August 1 to December 23) and Grain Service Weeks 36-53 (March 31 to July 31), when the Port of Thunder Bay is expected to be open. During the winter period, CPKC is prepared to supply the capacity required to move 525,000 MT of grain and grain products through Grain Service Weeks 22-35 (December 24 to March 30) when the Port of Thunder Bay is closed. These supply targets are conditional on market demand and all elements of the grain supply chain functioning at optimal performance, efficiency and synchronization.

Forecasting the crop size

When forecasting the crop size, CPKC works with grain customers to obtain a firm understanding of their specific forecasts and expectations for the upcoming crop year. Precise customer forecasts are critical to CPKC’s resource planning. In an effort to refine and validate customer forecasts, we review the five-year historical averages and the latest Statistics Canada predictions on production and carry-in volume for the upcoming crop year.

In July 2023, Agriculture and Agri-Food Canada and Statistics Canada were projecting the size of the upcoming Western Canadian grain crop at approximately 73 million metric tonnes (“MMT”) and an estimated carry-in volume of 10.7 MMT across Canada from the previous crop year. On September 14, 2023, Statistics Canada revised their estimate for the Western Canada crop size to approximately 62 MMT.² Carry-in volume estimates are also significantly lower.

FIGURE 9: CPKC 2023-2024 CROP YEAR SUPPLY TARGETS FOR CANADIAN GRAIN AND GRAIN PRODUCTS TRANSPORTATION



² Statistics Canada. September 14, 2023. Available online at: <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=3210035901>

Grain customer demand variability

Maximizing Canada's grain exports requires customers to use the available supply chain capacity throughout the entirety of the crop year. The supply chain simply cannot move all the grain at once if farmers hold off selling their products, waiting for a specific market price. The only way to maximize supply chain throughput is to have continuous, efficient and balanced movements from in-country grain elevators to port terminal facilities throughout the duration of the crop year.

Significant demand variability and uncertainty creates challenges that undermine supply chain throughput and capacity. Demand variability is inconsistent with maximizing volume throughput. The capacity that CPKC has created on

the rail network is a tangible asset that is lost when unused. Once lost, that capacity cannot be recovered.

CPKC believes strongly in the market. Our grain customers and Canadian farmers are all players in the marketplace, as is CPKC. They rightly make their own business decisions regarding when, where and how to ship their products, based on their own market dynamics and considerations. We respect that. However, farmers and grain customers need to make fully informed decisions; they cannot assume that they can move all their grain through the supply chain in a short, price maximizing time window.

Record hiring

Across the combined CPKC network, we currently have more than 20,000 employees, with approximately 10,600 in Canada. In 2022, we hired more than 3,800 new employees across the CP and KCS network. Throughout the CPKC network, the number of locomotive engineers and conductors increased by more than 800 between June 2022 and June 2023, including approximately 550 in Canada. We achieved a record hiring program in 2022 in spite of extremely tight labour markets in many key locations on the network.

FIGURE 10: CONDUCTORS & ENGINEERS – CPKC TOTAL HEADCOUNT

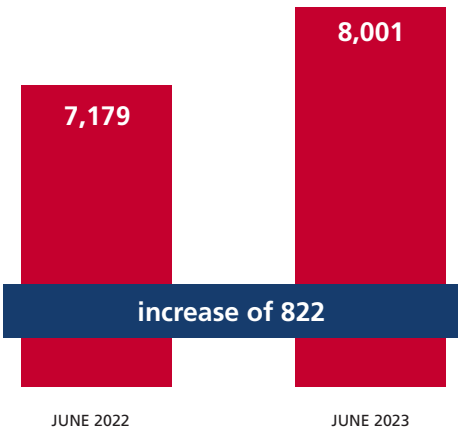
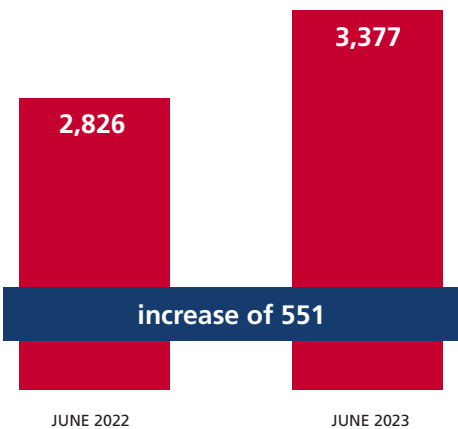


FIGURE 11: CONDUCTORS & ENGINEERS – CANADA HEADCOUNT



High capacity grain hopper car investment

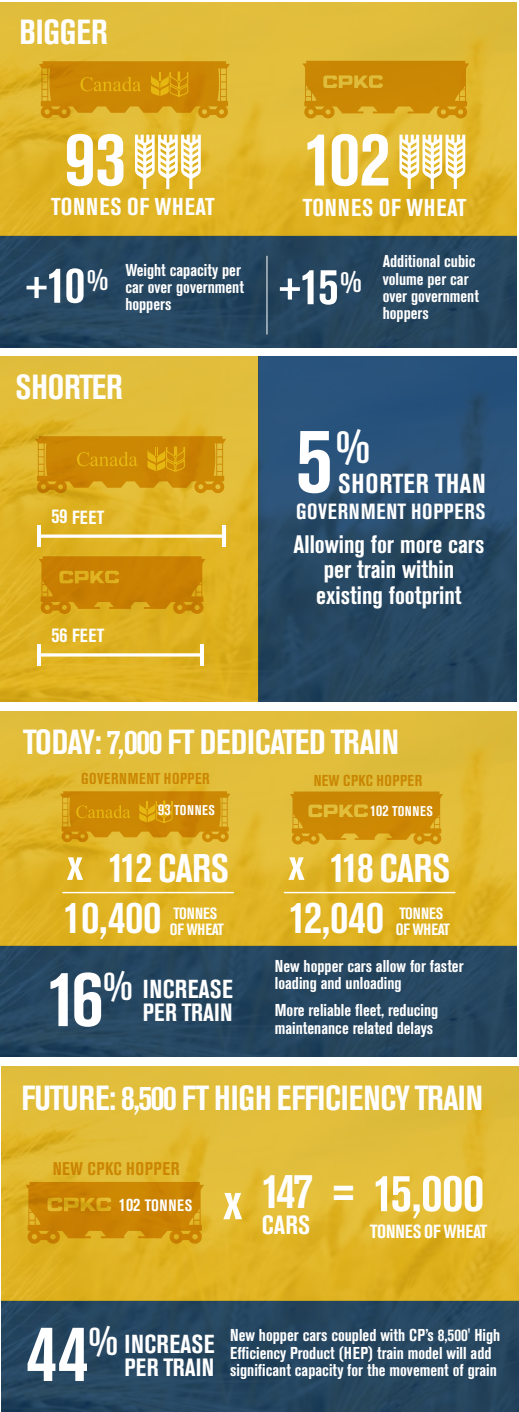
CPKC has completed its more than \$500 million investment to purchase 5,900 new higher-capacity grain hopper cars, which were built in Hamilton, Ontario. When combined with our 8,500-foot High Efficiency Product (“HEP”) train model, these modern higher-capacity hopper cars are delivering more than 44 percent more volume capacity in each grain unit train.

The new hopper cars are shorter, wider and lighter, so they can carry more grain than the legacy Government of Canada hoppers. The new hoppers feature a three-pocket design that can be loaded and unloaded more efficiently. These cars handle more than 15 percent greater volume and 10 percent greater load weight than traditional cars, while featuring a shorter frame that enables more cars to be used on a train of the same length. The hoppers feature newly manufactured components that are more reliable, significantly reducing maintenance delays.

Through our acquisition of, and combination with, KCS, we have added 4,537 high-capacity grain hopper cars to the combined CPKC fleet. In total, CPKC now operates approximately 18,000 modern hopper cars, delivering significant capacity gains for Canada’s grain supply chain.



FIGURE 12: BENEFITS OF CPKC’S HOPPER CAR INVESTMENT



High Efficiency Product train model

To effectively compete and grow, the Canadian grain supply chain must continually generate new efficiencies and drive innovation. CPKC is answering that call with our 8,500-foot HEP train model, which uses up to 147 new higher-capacity grain hopper cars. In collaboration with our customers, the 8,500-foot HEP train model is changing the Canadian grain landscape.

Origin high-throughput (“HTP”) elevators earn economic incentives to load 8,500-foot trains clear of the main line track in 16 hours or less, which is an extremely efficient model. The train’s composition remains intact with both the locomotive and hopper cars throughout the loading process. The customer uses CPKC’s locomotives to move the train through the track to facilitate the loading of hoppers with grain. Once the train is loaded, the CPKC crew pulls the train from the customer’s facility onto the main line track for transport to destinations across North America. All new greenfield 8,500-foot-capable HTP elevators built on CPKC’s network will incorporate a loop track design, and the 8500’ HEP-qualified ladder-track style elevators incorporate a long lead capable of handling an 8500’ train.

There are many efficiency benefits to using this new model, including reduced loaded dwell time, since the locomotive remains with the hopper cars, and increased reliability, as locomotives maintain train air brake pressure during the loading process. In turn, this expands elevator capacity, allowing grain companies to buy more grain from producers. This also enhances the resiliency of the supply chain. A Panamax vessel is filled by four 8,500-foot HEP trains compared to six with the historical train model.

The 39 HEP elevators in Canada account for approximately 40 percent of our unit train elevator network and they ship approximately 55 percent of CPKC customer grain. We are working with our customers to upgrade the balance of the existing network infrastructure to the 8,500-foot HEP model, and to add new 8,500-foot-capable loop track elevators at strategic locations.

CPKC looks forward to the continued expansion of capacity throughout the grain supply chain. Through strong collaboration with customers, CPKC is creating capacity and driving efficiencies in the grain supply chain.



Part 5: Factors negatively impacting the capacity and throughput of Canadian supply chains

Despite CPKC's proven track record of improving performance through investment and innovative technologies, there are many factors that can negatively impact the capacity of Canadian supply chains. Some are unavoidable, such as the harsh Canadian winter, but others are choices made by Canadian industry and government regulators.

Loading grain in the rain in Vancouver

A major opportunity for Canada to improve grain supply chain export capacity, especially during the winter months, is to find a solution to the persistent challenge of loading grain onto vessels during periods of rain or snow at grain export facilities at the Port of Vancouver. Vessels and grain export facilities in Vancouver rarely load grain when there is rain. This limits the throughput of the entire supply chain.

Unlike Vancouver facilities, other Canadian export terminals and U.S. Pacific Northwest ("PNW") terminals do safely load grain onto vessels during periods of rain, avoiding capacity losses. The same vessels, with the same ship captains, load grain safely in the rain at PNW terminals, but not in Vancouver, despite similar climates and weather conditions. It rains regularly in both locations, especially during the winter months, and the same weather systems typically affect both locations concurrently.

The frequent decision to suspend vessel loading due to inclement weather in Vancouver has reoccurring and profound cascading ripple effects through the entire supply chain. For example, in fall 2022, there were several weeks when the industry had grain unit trains staged and country grain elevators full across Canada. Those loaded grain trains were held back from Vancouver because grain terminals were full and unable to accept more grain until the rainy weather cleared. This inevitably constrains the capacity and performance of the entire supply chain. Canada's grain supply chain and economy are suffering from this uniquely Western Canadian problem.

Change is required in Vancouver for Canada's grain supply chain to maximize exports and become a more reliable supply chain partner to the world. PNW export terminals, including those in Kalama, Longview and Tacoma, Washington, just south of Vancouver, generally have four options for loading vessels in the rain:

1. **Leave the vessel hatches completely open.** This approach is effective during periods of light rain. This allows crews to load between 1,000 and 3,000 MT per hour. It is important to load grain at this rapid

pace. Terminal operators advised that if loading is slower, the grain could get wet, spoiling quality.

2. **Crack the vessel hatches halfway open.** This works well during periods of light or moderate rain. This allows crews to load between 1,000 and 3,000 MT per hour. This approach allows the vessel to be almost fully loaded during periods of rain, but the hatches still need to be opened all the way once the rain passes to finish the loading and level off the grain.
3. **Load grain through the cement feeder holes on the decks.** This approach works during periods of heavy rain, but it limits loading capacity to approximately 40 percent of what is possible during favourable weather. This practice is challenging because the cement hole covers are bolted down with approximately a dozen bolts each and are often sealed shut to ensure they are watertight while at sea. This means it is time consuming to set up and take down (approximately 1.5 hours each).
4. **Install a roof to shelter vessel loading in rain.** One terminal in the PNW has installed a roof that allows grain loading for approximately 50 percent more time during periods of rain. If strong winds are blowing the rain sideways, then the roof is ineffective. The roof is approximately one acre in size, which covers three vessel hatches.

The culture and process of loading in the rain is well-established at PNW export terminals and other terminals around the world. All parties, from terminal operators to unionized crews, push hard for continuous vessel loading at all times, including during the rain, to avoid losing up to one third of their loading capacity. The following are examples of how they incentivize grain loading during periods of rain:

- Exporters have a "ship liaison" position with responsibility to coordinate communications between the terminal and the vessel to ensure the vessel crews understand the rules, requirements and expectations

of loading grain (including during rainy weather). This communication occurs during a pre-arrival meeting. Some terminals issue a bulletin educating ship captains about the common precipitation that occurs in the PNW region and to not be discouraged from loading as a result. This diplomacy is critical to getting agreement from the vessel crews to continue to load during wet conditions.

- Exporters leverage inspection agencies, principle and indemnity issuers, and the National Cargo Bureau to encourage vessels to continue loading grain during light or moderate rain. One export terminal even shares a letter from an insurer stating that it rains regularly in the PNW and loading during this weather is a normal practice that does not spoil the grain, other than when rainfall is heavy.

- Exporters provide crews rain gear and cleats to alleviate safety concerns.

Exporters impose tariffs that charge the vessels between \$12,000 and \$15,000 per hour if the vessel captain decides not to load grain while in berth, even during light rain. The threat of tariffs typically motivates grain loading during light rain events.

The federal government can play a constructive role in bringing together all stakeholders, including unions, to find reasonable and pragmatic solutions to resolve this issue in a manner that maintains high safety standards. Solutions are required to maximize the capacity of Canada's grain supply chain.

Extended interswitching

The Government of Canada announced in its 2023 budget that it would resurrect the extended interswitching regime that it discontinued in 2017 and replaced with long-haul interswitching ("LHI") in 2018. The extended interswitching regime was revived through the *Budget Implementation Act, 2023, No. 1*, adopted by Parliament in June 2023. This legislation expands the regulated interswitching distance from 30 km to 160 km in the three Prairie provinces on a temporary, pilot basis for a period of 18 months.

"Interswitching is inefficient... It wouldn't correct problems with the supply chain, it would amplify them."³

– Mary-Jane Bennett, former member of the Canadian Transportation Agency (1998-2007)

"I'm concerned it's going to have ripple effects... We're not in favour of supply chain measures that benefit very few shippers yet can have very serious impact on the supply chain."⁴

– Murad Al-Katib, Chief Executive, AGT Food and Ingredients Inc.

The return of extended interswitching will harm Canadian shippers by diverting Canadian jobs and investment dollars to U.S. rail carriers and undermining efficiency and capacity on Canada's rail networks. More inefficiency will harm Canadian consumers by driving up transportation costs for all users of the rail network. This will fuel inflation because so many goods and commodities move by rail.

Canadians have already seen the harmful consequences of extended interswitching when it was in place from 2014 to

2017. The last statutory review of the *Canada Transportation Act*, led by the Honourable David Emerson, concluded that extended interswitching should be sunset because of the market distortions it facilitated, especially with respect to allowing U.S. carriers to solicit Canadian traffic without the reciprocal ability for Canadian railways to do the same in the U.S. Transport Canada itself also recognized the harmful consequences of extended interswitching and developed LHI as an alternative so that shippers would have access to competing railways up to 1,200 km away, but without the damaging consequences of cost-based (and in some cases non-compensatory) regulated rates under extended interswitching.

Interswitching is inherently an inefficient practice that should be avoided to the extent possible. Encouraging additional and avoidable interchanges between rail carriers is poor public policy. Regulated extended interswitching forces a railway to

³ Bennett, Mary-Jane. "Opinion: How not to unspool rail supply chains: One recommendation from latest task force would make problems worse." *Financial Post*, March 8, 2023.

⁴ Edmiston, Jake. "Why Canada's two big railways are livid over Justin Trudeau's attempt to force competition: What you need to know about the rock-em, sock-em slugfest playing out in the careful world of rail and government policy." *Financial Post*, May 18, 2023.

bring rail traffic moving on its own network — whether individual cars or an entire train — over to a competitor's network, with shippers paying a regulated, below-market rate that constrains the railway's ability to invest in Canadian jobs and capacity-enhancing infrastructure.

Canada already has the lowest average freight rates virtually anywhere in the world. Moreover, Canadian grain shippers today are large, multinational corporations that have proven to be strategic and sophisticated players in the market. They easily leverage their own commercial strength with the size of the market they each control, creating their own competitive advantage with every decision on where to expand or build elevators and terminals. Simply put, there is no need or justification for regulated extended interswitching.

"The other one we allowed to lapse was extended interswitching, because after the assessment we did, we uncovered that it wasn't heavily used, but it was having unintended consequences on the competitiveness of our railways vis-à-vis the U.S. railways."⁵

– Helena Borges, former Associate Deputy Minister, Transport Canada

Legislation to prohibit use of replacement workers

The federal government has committed to introduce legislation by the end of 2023 to prohibit the use of replacement workers during a strike or lockout. If implemented, such a policy will incentivize more frequent labour disruptions in the federally regulated transportation sector, undermining the reliability of Canada's supply chains. This policy risks damaging Canada's national economy and international reputation as a reliable trading partner. Freight transportation is vital to the supply chains that are integral to the day-to-day lives of Canadians.

A work stoppage of any duration or even the threat of a work stoppage at a major freight railroad or port causes significant harm to Canada's supply chains. Without the ability to use temporary replacement management workers, unions may be incentivized to engage in more frequent work stoppages rather than negotiating in good faith to reach responsible and reasonable collective agreements.

Qualified replacement management workers are sometimes necessary to mitigate the negative impacts of work stoppages to Canadians, which is fundamentally in the public interest. For example, during past work stoppages at railways the government has raised concerns about the need to ensure delivery of corn from the U.S. to feed cattle in Alberta and Saskatchewan, transport propane from Alberta to Quebec hospitals during the winter, and maintain commuter train services operating on our network for thousands of Canadians in Montreal, Toronto and Vancouver.

Prohibiting the use of replacement management workers would directly contradict the government's own stated policy objectives to improve the strength, resilience and reliability of Canada's supply chains. Prohibiting the use of replacement workers would achieve the exact opposite.

The strikes in July 2023 by the International Longshore & Warehouse Union at B.C. port terminals demonstrates, once again, the significant harm caused to Canadian supply chains from labour disruptions.

Should the Government proceed with its commitment to introduce this legislation, it should concurrently implement a statutory authority in the *Canada Labour Code* for either the Minister of Labour or federal cabinet to impose binding arbitration **prior to any work stoppage** if a negotiated agreement cannot be reached in sectors that are essential to Canada's supply chains, such as railways and ports.

An embedded statutory authority would allow the government to impose binding arbitration quickly to avoid economic harm to Canadians. The collective bargaining process would still be respected and preferred, as the best agreement is one that is negotiated between the parties. In the event a negotiated outcome is unachievable, the government should have the authority to step in and protect Canada's essential supply chains from avoidable disruption and harm by compelling binding arbitration without going through the lengthy process of "back-to-work" legislation. The authority would also enable swift intervention to protect critical supply chains in the event Parliament is not in session, which was the case with strikes at B.C. ports this past summer. The *Canada Labour Code* already recognizes the loading and movement of grain vessels as an exempted function that must continue at Canada's ports during what would otherwise be a legally permissible strike or lockout. Providing the government with the legal authority to prevent a work stoppage at a railway that transports grain to a port is consistent with the *Canada Labour Code*.

⁵ Canada, Parliament, House of Commons, Standing Committee on Transport, Infrastructure and Communities, Evidence, 42nd Parliament, 1st Session, No 67 (11 September 2017) at 1300.

Part 6: Technology and innovation



CPKC is at the forefront of predictive analytics in the rail industry, which is a powerful tool to improve reliability and performance during the challenging Canadian winter. Using patented technology, CPKC gathers data on locomotives, railcars and track infrastructure with wayside and rolling stock sensors that are strategically located across the network. CPKC's data analytics is replacing manual processes with automation, which provides the ability to optimize the service offering while improving safety.

A powerful example of industry-leading detection technology and predictive analytics is CPKC's remote safety inspection portal, which is located on the Maple Creek Subdivision in Saskatchewan. The inspection portal uses more than thirty-five cameras to scan a train in real time at track speed, which generates seventy-two high-resolution images per car and 100 gigabytes of data per train. An undercarriage imaging system inspects the underside of

passing railcars and locomotives, enabling CPKC to identify missing bolts, bent or broken brake rigging, open bottom gates and broken coupler systems. This technology has shown to detect 87 percent more defects than through traditional, manual inspections.

CPKC has installed over 2,000 innovative broken rail detection systems at 1-mile intervals on 15 subdivisions of the network. These systems measure rail integrity along non-signaled territories of the CPKC network. The detectors notify CPKC's Operations Center of a potential broken rail. This technology has successfully detected broken rails and prevented associated derailments, including with trains carrying dangerous goods.

The application of detection technology and powerful data analytics helps predict and prevent issues before they occur. This helps CPKC run one of the most efficient and safest railways in the industry.

Part 7: Sustainability

Operating sustainably is imperative to CPKC's future growth and long-term success in connecting vital markets to the North American and global economies. Through a shared legacy of innovation, responsible business practices, and commitment to excellence, we are building a strong future to create value for our stakeholders and a sustainable business for the long haul. CPKC is focused on integrating our related sustainability principles and practices into our business as we move the goods and commodities that society relies on.

Science Based Target Initiative's (SBTi) Business Ambition for 1.5°C global campaign

In June 2023, CPKC formally joined the SBTi's Business Ambition for 1.5°C campaign, a global initiative that supports transitioning the global economy to net zero GHG emissions by 2050. As part of this initiative, CPKC intends to establish a science-based emissions reduction target aligned with a 1.5°C future within the next two years. In the interim, as integration between the CP and KCS networks continues, CPKC has established a consolidated target that has been recently validated by SBTi for a well below 2°C scenario. With this new commitment, CPKC intends to reduce scope 1, 2 and 3 well-to-well locomotive GHG emissions by 36.9 percent per gross ton miles by 2030 from a 2020 base year.

Hydrogen Locomotive Program

We have built and are now testing the first line-haul hydrogen locomotive in North America using fuel cells and batteries to power the locomotive's electric traction motors. We are currently testing the concept in Alberta. Our vision is to have a hydrogen locomotive switching customers by the end of 2023 in Edmonton and Calgary. We plan to expand the program to British Columbia in 2024 with the deployment of a high horsepower locomotive to service Teck Resources. These globally significant projects position CPKC at the leading edge of decarbonizing the freight transportation sector.

In June 2023, CPKC and CSX also announced intentions to enter into a joint venture to build and deploy hydrogen locomotive conversion kits for diesel electric locomotives in the CPKC and CSX fleets.





CPKC Solar Farm

CPKC's solar energy farm in Calgary generates up to five megawatts of electricity, while avoiding an estimated 2,600 tonnes of carbon emissions a year, equal to taking approximately 570 cars off the road.



Part 8: Conclusion

Harsh winter operating conditions are an inescapable reality in Canada. Winter has a profound impact on a railway's operations and its ability to maintain service for its customers. As this report has outlined, the breadth and depth of winter's impact on railway operations is measured primarily by train speed and length. These metrics unavoidably fall as winter conditions worsen, thereby eroding the railway's performance and the capacity of multiple supply chains to move freight.

At CPKC, significant resources are mobilized each year to forecast and plan for winter, and then mitigate the impact to the greatest extent possible while maintaining safety, wherever winter conditions materialize on the network. CPKC has achieved significant winter operating improvements over the past decade since the company successfully adopted and executed the PSR operating model.

CPKC is well positioned to move grain and other freight traffic during winter 2023-2024. CPKC has the resources in place to effectively provide a safe and efficient essential freight transportation service for our customers and the broader Canadian economy through the winter and all other seasons.

While the impact of winter on a railway's performance is unavoidable, many factors constraining the capacity and efficiency of Canadian supply chains are choices made by government regulators and industry. No matter what action is taken, tough winter conditions will always force a reduction in train speed and length to maintain safety. This will unavoidably constrain supply chain capacity, hurting service. Proper planning is essential, but the laws of physics mean that a railway can never be fully insulated from the effects of winter.



Forward-looking statements

This report contains certain forward-looking information within the meaning of applicable securities laws in both the U.S. and Canada relating, among other things, to Canadian Pacific Kansas City's operations, priorities and plans, anticipated financial and operational performance, including business prospects, market drivers and outlook, planned capital expenditures, anticipated revenues and the source thereof, programs and strategies (including financing strategies). This forward-looking information also includes, but is not limited to, statements concerning expectations, beliefs, plans, goals, objectives, assumptions and statements about possible future events, conditions, and results of operations or performance.

Forward-looking information may contain statements with words such as "anticipate," "believe," "expect," "plan," "financial expectations," "key assumptions," "outlook," "guidance," or similar words suggesting future outcomes.

Undue reliance should not be placed on forward-looking information as actual results may differ materially from the forward-looking information. Forward-looking information is not a guarantee of future performance.

By its nature, CPKC's forward-looking information involves numerous assumptions, inherent risks and uncertainties that could cause actual results to differ materially from the forward-looking information, including but not limited to the following factors: changes in business strategies; general North American and global economic, credit and business conditions; risks in agricultural production such as weather conditions and insect populations; the availability and price of energy commodities; the effects of competition and pricing pressures; industry capacity; shifts in market demand; changes in commodity prices; inflation; changes in laws, regulations and government policies, including regulation of rates; changes in taxes and tax rates; potential increases in maintenance and operating costs; changes in fuel prices; uncertainties of investigations, proceedings or other types of claims and litigation; labour disputes; risks and liabilities arising from derailments; transportation of dangerous goods; timing of completion of capital and maintenance

projects; currency and interest rate fluctuations; effects of changes in market conditions and discount rates on the financial position of pension plans, including long-term floating rate notes and investments; climate change; various events that could disrupt operations, including severe weather, droughts, floods, avalanches and earthquakes as well as security threats and governmental response to them, and technological changes, and the pandemic created by the outbreak of the novel strain of Coronavirus and its variants (and the disease known as COVID-19) and resulting effects on economic conditions, the demand environment for logistics requirements and energy prices, restrictions imposed by public health authorities or governments, fiscal and monetary policy responses by governments and financial institutions, and disruptions to global supply chains.

The foregoing list of factors is not exhaustive. These and other factors are detailed from time to time in reports filed by CPKC with securities regulators in Canada and the United States. Reference should be made to "Item 1A – Risk Factors" and "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations" in CPKC's annual and quarterly reports filed on Form 10-K and 10-Q, respectively.

Forward-looking information is based on current expectations, estimates and projections and it is possible that predictions, forecasts, projections, and other forms of forward-looking information will not be achieved by CPKC. Except as required by law, CPKC undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events or otherwise.

