

The CPKC logo is displayed in a bold, red, sans-serif font. It is positioned in the upper left quadrant of the image, partially overlapping the snowy mountain background.

CPKC

Strengthening Resiliency: 2025-2026 Winter Contingency Report

September 30, 2025

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Message from the President and Chief Executive Officer

On behalf of Canadian Pacific Kansas City (“CPKC”), I am pleased to present our 2025–2026 Winter Contingency Report. This is our eighth annual winter report, and our third since the historic combination of Canadian Pacific (“CP”) and Kansas City Southern (“KCS”) 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. This report describes our plan to safely and reliably transport grain, along with other traffic, during the challenging Canadian winter.

Since 1881, we have been planning for the challenges associated with extreme winter weather so that we can mitigate the impacts to the extent possible to safely deliver for our customers and, by extension, the Canadian economy.

Each year, we carefully prepare for a wide range of winter conditions and weather events as the type, severity, and geographic scope of winter weather conditions vary dramatically from year to year. From our busiest rail corridor through the steep mountain ranges of the Rockies, to the dry and windy prairie cold, and across Canada’s vast, snowy, and frozen landscape during the winter months, our railroaders are on the frontlines of Canadian winters.

Safety is foundational to everything that we do at CPKC. Certain severe winter weather conditions require adjustments to our operations to maintain safety. 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 in turn lowers supply chain transportation capacity. This is a reality of winter railroading.

Our history as the pioneer of Canadian winter railroading has demonstrated CPKC’s enduring commitment to innovation and continual improvement. Despite the often-challenging terrain and external operating conditions, CPKC continues to lead the railway industry with the lowest Federal Railroad Administration (“FRA”) reportable train accident frequency rate of any Class 1 railway in North America. Important innovations such as snowsheds, switch heaters, and wayside sensor technologies have helped power safety and operational performance.

CP’s successful adoption of a precision scheduled railroading (“PSR”) operating model in 2013 has led to significant improvements to the capacity and resiliency of our railway network, including and especially during the winter months. For example, CPKC is prepared to

supply the capacity to transport approximately one third more grain during the 2025–2026 crop year than it transported during the 2013–2014 bumper crop year.

CPKC is investing to deliver for our customers. We are taking delivery of 100 new Tier 4 diesel-electric locomotives in 2025 as part of a multi-year investment. The new locomotives are being put into service and are expected to enhance fuel economy, improve service reliability, and reduce emissions. This investment follows our more than \$500 million purchase of 5,900 new high-capacity grain hopper cars, which were built by National Steel Car in Hamilton, Ontario.

CPKC is preparing for the 2025–2026 winter with the same innovative spirit and tenacity that have driven this company and its railroaders since 1881. We look forward to serving our customers and powering the economy throughout the upcoming winter season.

Respectfully,



Keith Creel

President and Chief Executive Officer



Executive summary

This report outlines CPKC's commitment to safely delivering for its customers through challenging winter weather on the Canadian rail network. Through investment, operational innovation, diligent planning, and the resolve of its railroaders, CPKC is prepared to provide strong service through the upcoming winter. Highlights of the 2025–2026 report:

- CPKC continues to lead the North American railway industry in safety performance. In 2024, for the second consecutive year, CPKC had the lowest FRA-reportable train accident frequency among Class 1 railways, building on CP's legacy of the previous 17 consecutive years of industry leadership.
- While it is still early in the season, the U.S. National Oceanic and Atmospheric Administration ("NOAA") currently anticipates El Niño-Southern Oscillation ("ENSO") neutral conditions into Winter 2025–2026, with only a slightly increased chance of La Niña developing in late fall/winter. This would be the second consecutive winter with La Niña weather patterns, which typically cause a colder geographic centre in Canada and increased precipitation in the Canadian Rockies, northern U.S., and Great Lakes.
- As part of winter contingency planning, CPKC analyzes weather models and subsequently develops specific winter plans for each region, subdivision, rail yard, and facility across the network. CPKC develops winter contingency plans for Operations employees, Engineering and Mechanical personnel, and the Operations Centres. CPKC strategically places assets and resources (e.g., snow removal equipment and sand) in locations throughout the network to facilitate rapid responses to winter weather. CPKC also works with government agencies to develop winter plans for Canadian mountain corridors.
- On August 20, 2025, Agriculture and Agri-Food Canada ("AAFC") estimated the total size of the Canada-wide grain crop to be 97.3 million metric tonnes ("MMT"). This is higher than AAFC's July 2025 estimate of 94.2 MMT and the June 2025 projection of 93.9 MMT. Considering this AAFC estimate, and Statistics Canada's estimate released on September 17, a Western Canadian crop size in the mid-70s MMT is anticipated.
- As outlined in CPKC's 2025–2026 Grain Service Outlook Report, CPKC plans to supply the capacity required to move up to 685,000 metric tonnes ("MT") of Canadian agricultural products on average each week when the Port of Thunder Bay is open (generally from August through early January, and from April to July). During the winter months when the Port of Thunder Bay is closed, CPKC plans to supply the capacity required to move up to 525,000 MT of Canadian grain and grain products on average each week. These supply targets are conditional on market demand and all elements of the grain supply chain functioning at optimal performance, efficiency, and synchronization.
- CPKC continues to invest in the people, equipment, and infrastructure needed to move Canadian grain and other traffic throughout the winter and all seasons. In addition to CPKC's more than \$500 million investment in high-capacity hopper cars, which is now complete, the company is investing in and taking delivery of 100 new Tier 4 diesel-electric locomotives in 2025 to help reliably and sustainably serve customers across its three-nation network. CPKC's investments continue to further enhance the capacity and resiliency of the railway network during the winter period and throughout the year.
- The federal government can help enhance Canada's supply chains through the adoption of smart public policy to stimulate trade-enabling infrastructure investment and diversify Canadian trade. For example, the Government of Canada should introduce 100 percent immediate depreciation for supply chain capital investments to become competitive with U.S. policy, adopt and advocate for policies to grow Canadian grain and other exports to Mexico, address the challenge of frequent labour disruptions, and finally improve loading of grain onto vessels during periods of inclement weather at terminals located at the Port of Vancouver. Extended interswitching should not be resurrected because it is a policy antithetical to economic growth, competitiveness, and productivity. It is also contrary to the government's stated objectives to improve Canada's investment climate and diversify Canada's trade.

Introduction

CPKC is pleased to submit its 2025–2026 Winter Contingency Report to the Minister of Transport, as required by Section 151.01 (2) of the *Canada Transportation Act*. This annual report outlines CPKC's contingency plans that enable the transportation of grain, along with other traffic, when faced with winter weather conditions.

Part 1 looks ahead to the 2025–2026 winter by reviewing weather forecasts and CPKC's contingency planning and winter readiness.

Part 2 provides an assessment of CPKC's ability to transport grain, along with other traffic, during the upcoming winter season, based on current winter forecasts and anticipated customer demand.

Part 3 outlines CPKC's industry-leading safety record and describes how capital investments and operational innovations have enabled strong winter performance despite the many challenges of railroading during the Canadian winter.

Part 4 highlights opportunities to improve supply chain capacity and reliability in the winter and throughout the year and diversify Canadian trade.



Part 1: CPKC's 2025–2026 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 type, severity, and geographical reach. Although forecasts are predictions that can never be relied upon, 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 throughout the network to improve its ability to respond quickly to winter weather. CPKC also develops winter contingency plans for Operations employees, Engineering and Mechanical personnel, and the Operations Centres.

2025–2026 winter forecast and modelling

The following is a summary of CPKC's early winter forecast, which is based on the best available modelling and data from various meteorological services at the time of publication.

- Early forecasts suggest a complex and regionally varied winter is ahead.
- The NOAA's Climate Prediction Center currently anticipates ENSO neutral conditions into Winter 2025–2026, with only a slightly increased chance of La Niña developing in late fall/winter. Typical La Niña weather patterns cause a colder geographic centre in Canada, while increased precipitation in the Canadian Rockies, northern United States, and Great Lakes is common.
- Various weather models are showing strong signs that the Polar Vortex is likely to be weaker than normal in Winter 2025–2026. A weaker Polar Vortex in the stratosphere usually means a weakened or disrupted jet stream below, which increases the potential for colder and snowier conditions in Canada and the northern U.S.
- Regional breakdown of current model forecasts across the CPKC North American network:

British Columbia:

- » Temperature: Near to slightly above normal along the coast; slightly below normal in the Interior.
- » Precipitation: Above average in coastal areas; near to slightly above average snowfall in the Interior.
- » Notable: Frequent Pacific storms in December–January.

Prairies and Northern Ontario:

- » Temperature: 1–3 degrees Celsius below average, with prolonged Arctic outbreaks possible from a weakened Polar Vortex.
- » Precipitation: Above normal snowfall, especially southern Alberta through Manitoba.

- » Notable: Strong potential for early winter cold snaps (late November/early December) and another in late January.

Ontario and Québec:

- » Temperature: Near to slightly below average overall, with significant cold spells in January and February.
- » Precipitation: Above normal snowfall for the Great Lakes; mixed precipitation events for southern Ontario/Quebec in December.
- » Notable: Lake-effect snow could be more intense due to early-season cold air over warm lakes.

Atlantic Region:

- » Temperature: Near to slightly above normal overall, but with sharp cold snaps in January.
- » Precipitation: Above normal precipitation; mix of snow, ice, and rain.
- » Notable: Elevated Nor'easter activity in February–March.

U.S. Midwest:

- » Temperature: 1–2 degrees Celsius below normal, with Arctic blasts in December and late January.
- » Precipitation: Above normal snowfall for the Great Lakes and Upper Midwest; near normal further south.
- » Notable: Potential for significant winter storms tracking from the Plains.

U.S. South and Gulf Coast:

- » Temperature: Above normal overall, especially Texas and the Deep South; occasional brief yet sharp cold fronts reaching the Gulf.
- » Precipitation: Below normal in much of Texas and the central Gulf; near to slightly above normal in the Southeast due to storm tracks.
- » Notable: Freeze risk possible in January–February, but short-lived.

Mexico:

- » Temperature: Above normal for most regions; northern Mexico could see occasional periods of unseasonably cold temperatures.

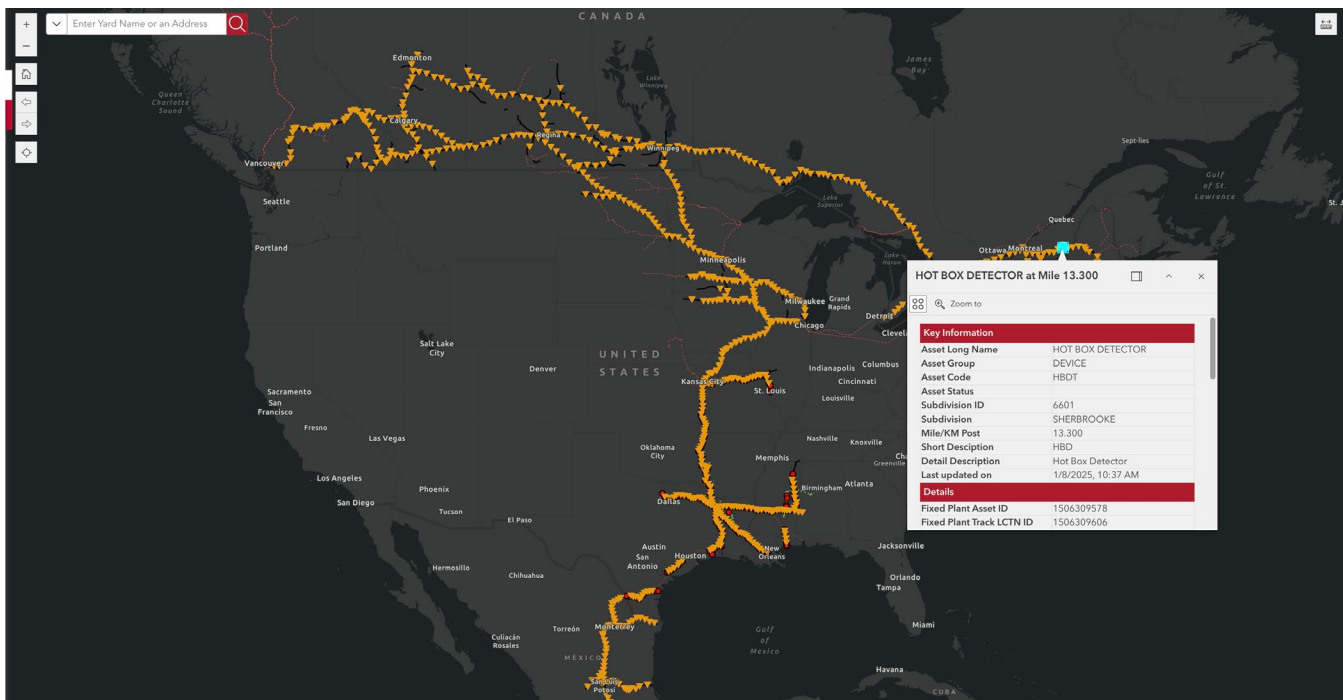
- » Precipitation: Drier than normal in the north and central regions.
- » Notable: Limited winter storm impacts except at higher elevations.

Contingency planning and 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 enables continuous situational awareness of changing temperatures and winter operating conditions, which informs operational decision making.

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



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

CPKC snowplow/snow spreader



Heavy-duty snowplow and snow spreading operations.

CPKC snowfighter



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

Railway switch heater



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

Snow removal

CPKC uses specialized trucks and heated blowers to remove snow from tracks and switches. This equipment includes 114 snowfighters (permanent snowfighters and ballast regulators converted to snowfighters), 37 cold air blowers (AF1 or equivalent and portable), two hot air blower jet engines, and one portable gateway blower.

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.

System recovery

Through effective planning and disciplined 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 involves the deployment of heavy equipment and contractor resources to the site. Senior company officers and management crews typically deploy to oversee recovery. CPKC works 24/7 until normal operations are restored.

Weather station at Stephen, Alta.



CPKC has installed weather stations between Calgary, Alta., and Swift Current, Sask., to obtain more pinpointed wind gust data. This data helps drive informed operational decisions, reducing the risk of train derailments during extreme winter conditions.

CPKC's Stephen, Alta., weather station includes a remote viewing camera to monitor surrounding snow conditions. The weather station provides real-time data that measures the atmospheric conditions CPKC trains will encounter in the area.



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 if 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 operational safety in avalanche-prone areas of the network.

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. Avalanche control increases operational safety and preserves capacity that would otherwise be lost through extended shutdowns.



Snowslide/rockslide fence



Snowshed



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, CPKC coordinates avalanche control with Parks Canada and the British Columbia Ministry of Transportation and Infrastructure. This coordination minimizes disruptions and maximizes safety performance in mountain passes and river valleys where the railway and highway are in proximity.

Customer and industry collaboration and communication

CPKC is focused on providing world-class service to customers. The company is committed to strong customer communications and responsiveness, especially during

winter operations. CPKC's Customer Service and Sales and Marketing teams are in regular contact with customers to communicate the impact winter weather is having on the network. CPKC is also in regular contact with governments at all levels and relevant agencies to communicate these impacts and contingency plans.

CPKC uses multiple tools to facilitate direct communication 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 the 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 customers with a full range of matters, including asset management, customs reporting, and waybills.

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



Part 2: Transporting grain and other traffic during the 2025–2026 winter season

Grain crop size forecasting

Since the publication of CPKC’s 2025–2026 Grain Service Outlook Report on July 31, 2025, AAFC has updated its estimates for this year’s crop size. On August 20, 2025, AAFC estimated the total size of the Canada-wide crop to be 97.3 MMT. This is higher than AAFC’s July 2025 estimate of 94.2 MMT and the June 2025 projection of 93.9 MMT. Considering this AAFC estimate, and Statistics Canada’s estimate released on September 17,¹ a Western Canadian crop size in the mid-70s MMT is anticipated.

CPKC works with grain customers to understand specific demand forecasts in order to effectively plan capacity on the railway across all lines of business. Precise customer forecasts are critical to CPKC’s resource planning.



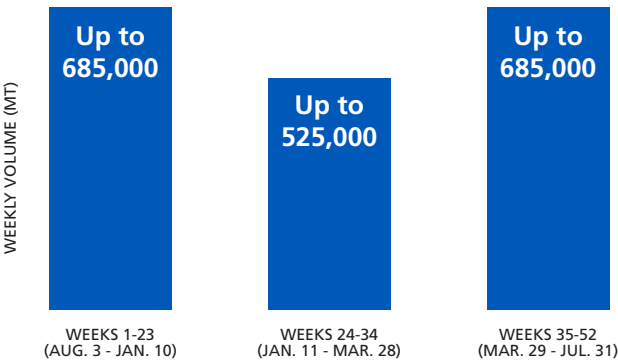
Grain transportation capacity supply targets

As described in CPKC’s 2025–2026 Grain Service Outlook Report, CPKC is well positioned to move grain and other traffic during Winter 2025–2026.² Based on current customer forecasts, and subject to market demand, CPKC is planning to supply the capacity required to move up to 685,000 MT of grain and grain products each week on average during Grain Service Weeks 1-23 (August 3 to January 10) and Grain Service Weeks 35-52 (March 29 to July 31), when the Port of Thunder Bay is expected to be open. During the winter period, CPKC is planning to supply the capacity required to move up to 525,000 MT of grain and grain products each week on average through Grain Service Weeks 24-34 (January 11 to March 28) 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.

The Port of Thunder Bay is a major outlet for Canadian export grain transported by vessel on the St. Lawrence Seaway, but it closes each year through the winter months

when ice buildup prevents vessel navigation. The five-year historical average date for the closure of seaway navigation is January 13 and the five-year average opening date is March 26.³

FIGURE 1: CPKC 2025–2026 CROP YEAR SUPPLY TARGETS FOR CANADIAN GRAIN AND GRAIN PRODUCTS TRANSPORTATION



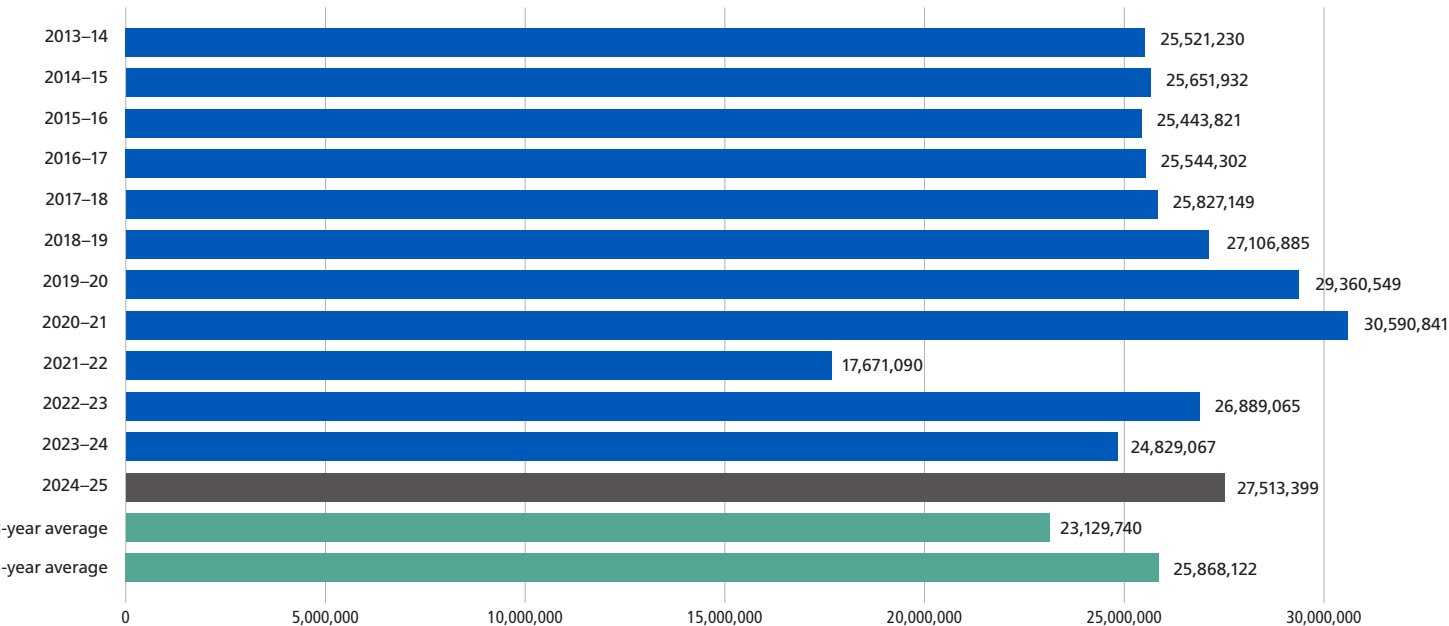
¹ Statistics Canada, Model-Based Principal Field Crop Estimates. Published September 17, 2025. Available online at <https://www150.statcan.gc.ca/n1/daily-quotidien/250917/dq250917b-eng.htm>.
² CPKC 2025–2026 Grain Service Outlook Report. Published July 31, 2025. Available online at https://www.cpkcr.com/content/dam/cpkc/our-markets/canadian-grain/Grain-2025-26_WEB.pdf.
³ Port of Thunder Bay website, Port Cargo Statistics 1952-Present. Available online at <https://www.portthunderbay.ca/administration/cargo-statistics/>.

2024–2025 crop year in review

The 2024–2025 crop year was characterized by strong service despite numerous challenges such as supply chain labour disruptions, tariff uncertainty, and extreme, prolonged cold temperatures during the winter, which forced the frequent and extended implementation of train speed and

length restrictions to maintain safety. CPKC concluded the 2024–2025 crop year having transported more than 27.5 MMT of Canadian grain and grain products. This is the highest volume transported since the 2020–2021 crop year, when CP broke its all-time, single-year volume record.

FIGURE 2: CPKC CANADIAN GRAIN AND GRAIN PRODUCTS VOLUME TRANSPORTED



Overall volume transported was 11 percent higher than the 2023–2024 crop total. Comparing crop year averages for the trailing three and five crop years, volume transported in 2024–2025 was 19 percent and 6 percent higher, respectively. Demand for grain transportation started to decline in May and remained lower for the rest of the crop year. Starting in May, CPKC began pre-spotting rail cars to elevators to position them to transport product efficiently once loaded by customers. CPKC effectively managed external challenges throughout the year to provide dedicated service to its grain customers.

FIGURE 3: VOLUME TRANSPORTED CROP YEAR 2024–2025 VS. TRAILING 3 AND 5 YEAR AVERAGES

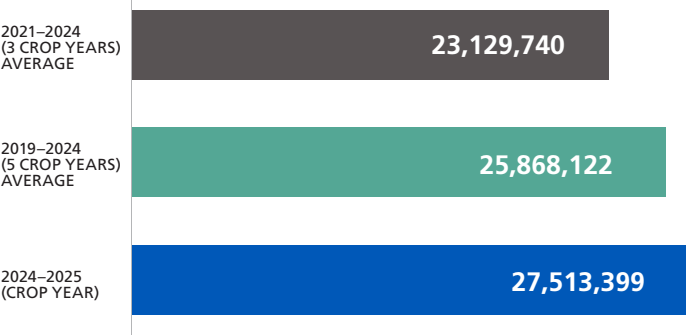
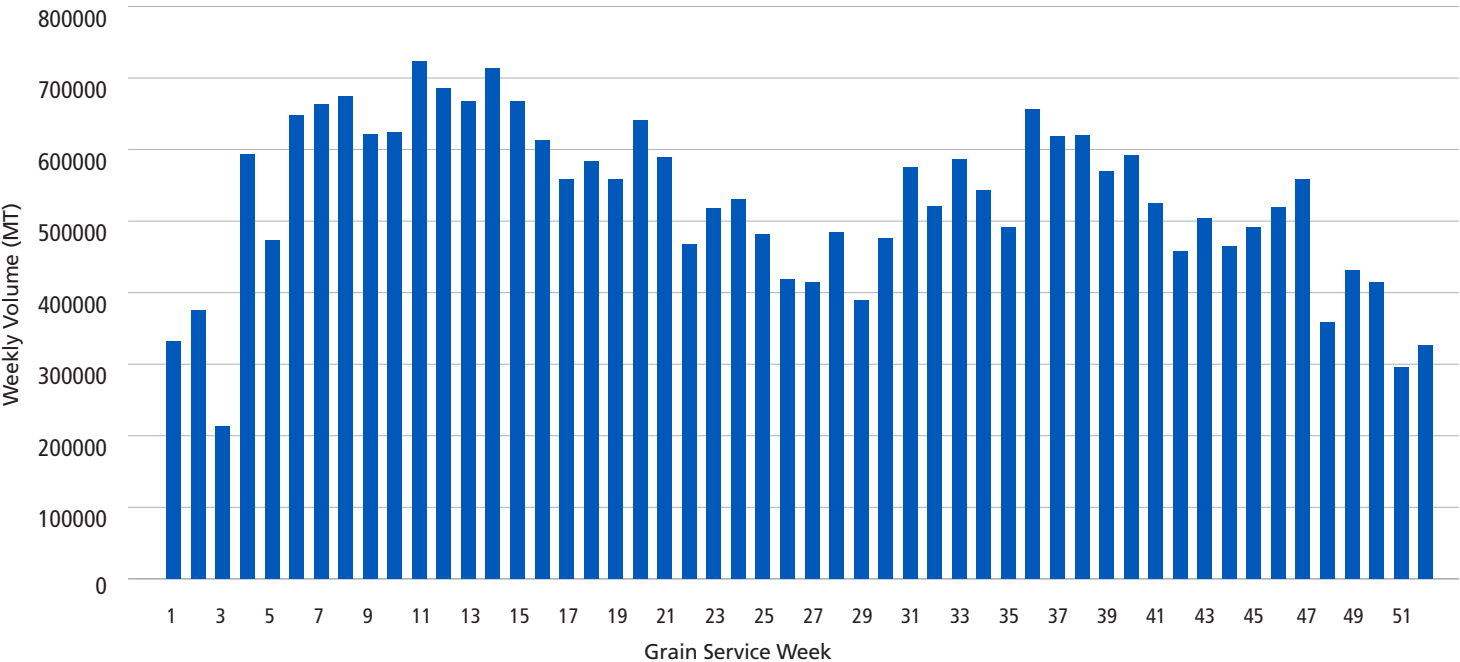


FIGURE 4: GRAIN VOLUME TRANSPORTED BY WEEK (CROP YEAR 2024–2025)



Labour disruptions

During the 2024–2025 crop year, several labour disruptions impacted Canada’s essential supply chains, including railways and terminals at the Ports of Vancouver and Montreal. The Teamsters Canada Rail Conference (“TCRC”) strike impacted CPKC’s entire Canadian rail network and the broader grain supply chain in the first few weeks of the 2024–2025 crop year. In advance of the TCRC strike, CPKC had to initiate a safe and orderly shutdown of railway operations, affecting grain and other freight before the strike occurred. For four days, from August 22 to August 26, traffic was halted on CPKC’s Canadian rail network during the TCRC strike. Following the federal Minister of Labour’s intervention to direct the resumption of rail operations, CPKC safely executed a balanced recovery of the rail network in the following weeks, with supply chains taking additional time to stabilize. A subsequent four-day work stoppage at grain handling terminals in Vancouver in late

September reduced capacity available to move grain through the supply chain. Simultaneous labour disruptions at the Ports of Vancouver and Montreal in Week 14 also disrupted Canada’s supply chains. While bulk grain continued to move to export positions, the duration of the concurrent labour disruptions resulted in a period of recovery and rail network rebalancing, which affected supply chain functions across all commodity types.

In recent months, CPKC successfully reached multi-year collective agreements at the bargaining table with three unions representing thousands of mechanical, engineering, clerical, and intermodal employees in Canada. These agreements, along with the arbitrator’s recent awards for the two TCRC divisions, bring labour stability to CPKC’s Canadian operations for the next few years.

Extreme cold temperatures in February 2025

Persistent, extreme cold temperatures across Western Canada in February 2025 impacted operations throughout the grain supply chain, including customer loading, port performance, and vessel schedules. Significant snowfall and other winter conditions also impacted the grain supply chain this winter. Adjustments to train speed and length are required to maintain safety in certain severe weather conditions, unavoidably impacting the velocity and throughput capacity of supply chains. Level 1 speed and length restrictions occur at negative 25 degrees Celsius. Level 2 adds further speed and length restrictions at negative 31 degrees Celsius. Level 3, the most severe level of speed and length restrictions, is implemented at negative 35 degrees Celsius.

To illustrate the severity of the 2024–2025 winter, particularly in February, CPKC implemented cold weather restrictions for nearly double the number of days compared to the previous winter. There was a 46 percent increase in Level 3 restrictions in Winter 2025 compared to Winter 2024.

FIGURE 5: NUMBER OF DAYS WITH RESTRICTIONS JAN/FEB 2024 VS. JAN/FEB 2025

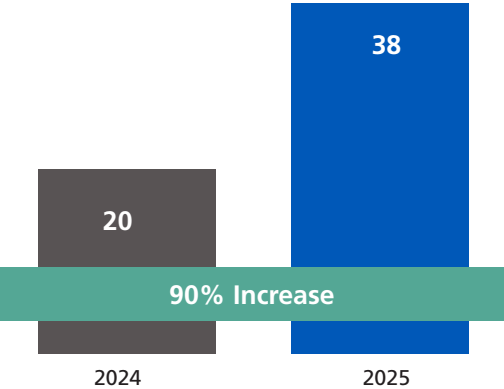
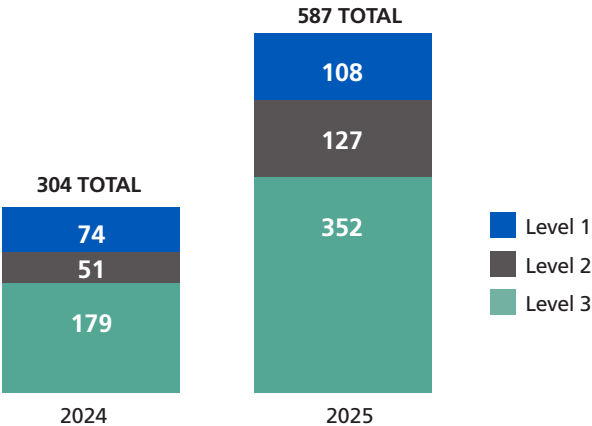


FIGURE 6: NUMBER OF RESTRICTIONS BY LEVEL JAN/FEB 2024 VS. JAN/FEB 2025



All grain cannot move at once

CPKC reminds all stakeholders that the grain supply chain simply cannot move an entire crop at once if market participants decide to wait for a specific price to sell. No efficient supply chain in the world can transport all the grain at once in a short, price-maximizing window. Rather, 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 for the movement of agricultural products and other commodities. Importantly, grain transportation must be balanced with other commodities that use rail transportation in their supply chains.

CPKC believes strongly in the market. 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. However, farmers and grain customers must make fully informed business decisions with respect to supply chain functions and risks (including those risks associated with challenging operating conditions during harsh Canadian winters) for Canada to maximize the export potential of its agricultural and other export products.

CPKC’s combined network benefits Canadian shippers

The combined CPKC rail network has expanded routing and market optionality across North America for its grain and other customers. More than two years after the historic CP-KCS combination, CPKC continues to grow rail shipments of Canadian grain to Mexico and the southern U.S. The additional destination optionality afforded to Canadian grain shippers allows them to further penetrate markets and realize opportunities beyond the traditional Vancouver and Thunder Bay export programs. Amid trade and tariff uncertainty, adding reliable new market outlets for Canadian grain and other export products is critical. Facilitative government policy can help enable new outlet opportunities for Canadian shippers.

Part 3: Winter operating performance

Industry-leading safety performance

CPKC is unwavering in its commitment to protect its people, communities, environment, and customers’ goods. Safety is foundational to everything at CPKC. In 2024, for the second consecutive year, CPKC led the industry with the lowest FRA-reportable train accident frequency among Class 1 railways, building on CP’s legacy of 17 consecutive years of industry leadership. CPKC’s train accident frequency in 2024 was 63 percent lower than the Class 1 industry average, a gap that has remained substantial since CP adopted its PSR operating model in 2013. CPKC also achieved the second-best year ever for personal injury performance in 2024, a 44 percent improvement since 2013, as measured by the FRA’s personal injury rate statistics.

FIGURE 7: CPKC VS. CLASS 1 AVERAGE FRA TRAIN ACCIDENT FREQUENCY (PER MILLION TRAIN MILES)

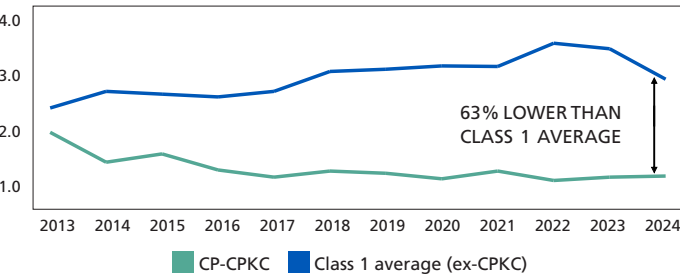
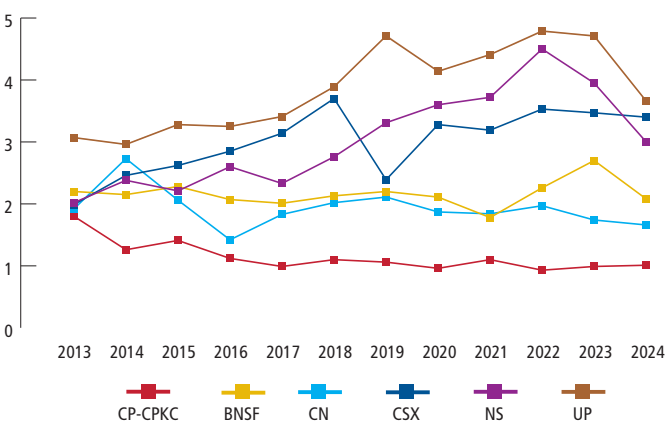
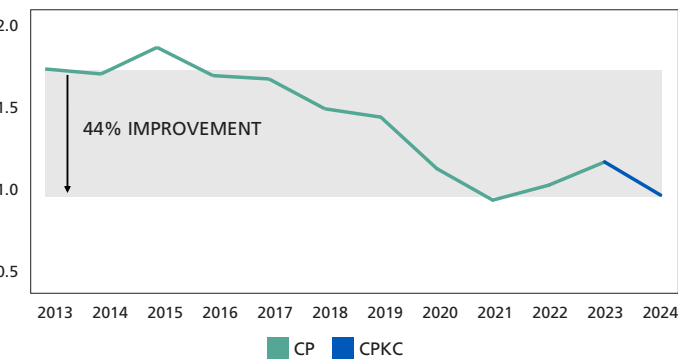


FIGURE 8: FRA-REPORTABLE TRAIN ACCIDENT FREQUENCY (PER MILLION TRAIN MILES)



Safety is a journey, not a destination. Through initiatives like the Home Safe program, which promotes safety engagement and feedback, CPKC is always striving to enhance safety culture across the company. By developing technology in-house, expanding the implementation of technology, and using data and analytics, CPKC is predicting and detecting more track and equipment failures. CPKC also regularly modifies training for employees, including by utilizing new, engaging methods.

FIGURE 9: FRA-REPORTABLE PERSONAL INJURY FREQUENCY (PER 200,000 EMPLOYEE-HOURS)



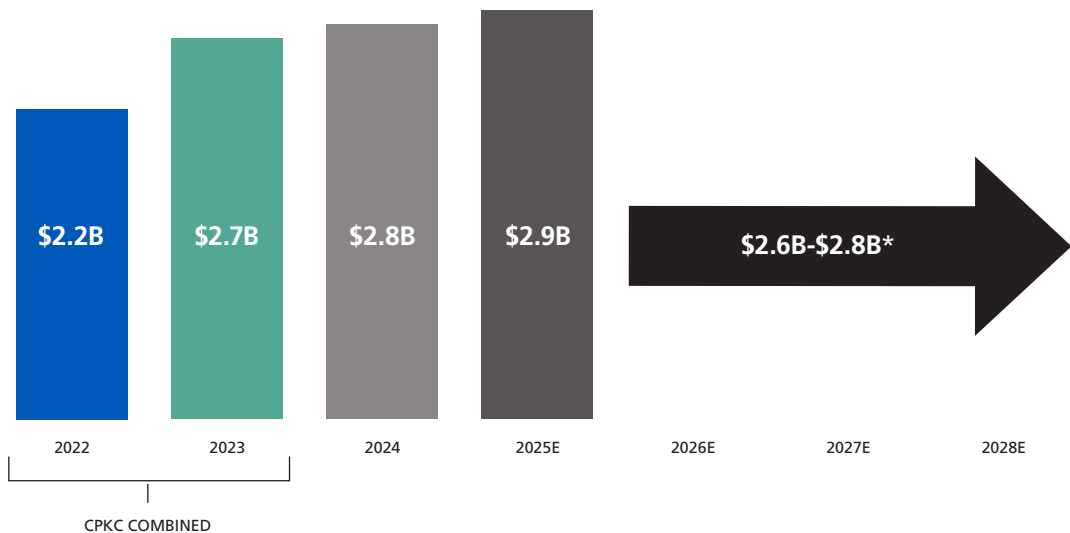
Note: For Figures 7-9, FRA statistics for 2023 reflect CP and KCS results on a combined basis, as if CP’s acquisition of KCS occurred on January 1, 2023. CP and KCS officially combined on April 14, 2023.



Capital investment

CPKC continued to invest significantly in 2024, with \$2.8 billion in capital spent to enhance safety and increase the capacity, resiliency, and efficiency of its rail network. CPKC is executing planned capital investments of approximately \$2.9 billion in 2025. CPKC’s current guidance targets capital expenditures of approximately \$2.6 billion to \$2.8 billion per year across the combined network for the 2026–2028 period.

FIGURE 10: CPKC CAPITAL EXPENDITURES (IN BILLIONS CDN\$)



* Capital expenditures are subject to fluctuations in the exchange rate between USD and CAD. Outlook for capital expenditures as provided during CPKC’s Investor Day on June 28, 2023

SPOTLIGHT

Patrick J. Ottensmeyer International Railway Bridge

In December 2024, CPKC completed construction of the second span of the Patrick J. Ottensmeyer International Railway Bridge across the Rio Grande and the U.S.- Mexico border at Laredo, Texas. The addition of a second span more than doubles the capacity to move Canadian grain and other freight across the border at this critical gateway.



SPOTLIGHT

Investment in 100 new locomotives

CPKC is taking delivery of 100 new Tier 4 diesel-electric locomotives in 2025. These locomotives are expected to enhance fuel economy and reliability, benefitting CPKC’s grain and other customers across North America.



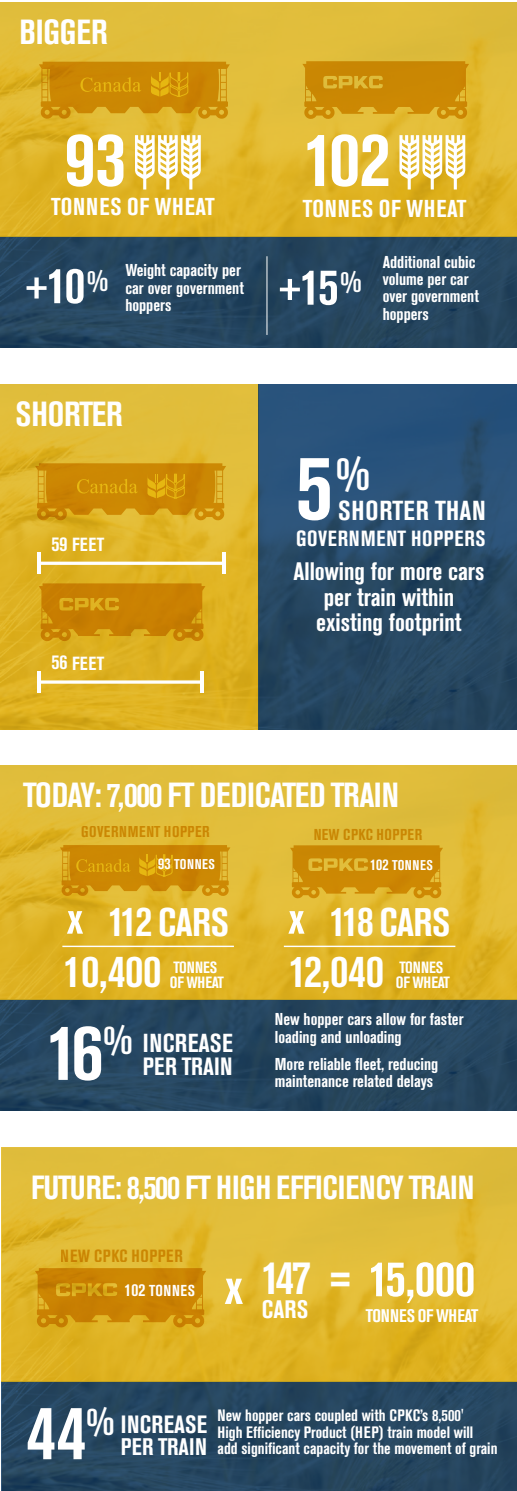
Grain hopper car investment

CPKC’s more than \$500 million investment to purchase 5,900 Canadian-made, high-capacity grain hopper cars is complete. Approximately 90 percent of CPKC’s expanded grain hopper fleet is now high capacity. This investment has significantly increased CPKC’s capacity to transport Canadian grain year-round.

When combined with CPKC’s 8,500-foot High Efficiency Product (“HEP”) train model, these high-capacity hopper cars are delivering more than 44 percent more volume capacity in each grain unit train.



FIGURE 11: BENEFITS OF CPKC’S HOPPER CAR INVESTMENT



CPKC winter performance

CPKC’s winter operating performance has improved dramatically since 2013 when the northern portion⁴ of the CPKC network adopted the PSR operating model. Improved performance is driven by increased capacity, as measured by average train length, weight, and speed – metrics that have all seen double digit increases on the northern portion of the CPKC network on a percentage basis since PSR was introduced in 2013. For example, the average length of a grain unit train in the first quarter of 2025 increased by 21.6 percent compared to the more operationally favourable non-winter quarters of 2013. Using the same comparison for average grain unit train weight, CPKC has observed a 32.5 percent increase.

FIGURE 12: AVERAGE GRAIN TRAIN WEIGHT IN TONS (NORTHERN PORTION OF CPKC NETWORK⁴)

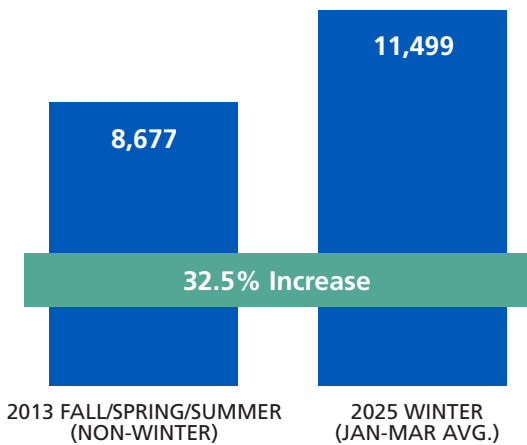
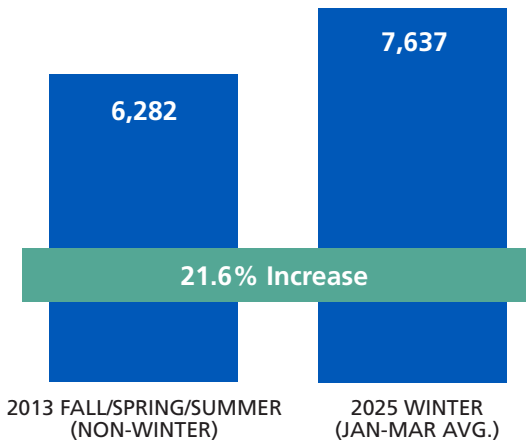


FIGURE 13: AVERAGE GRAIN TRAIN LENGTH IN FEET (NORTHERN PORTION OF CPKC NETWORK⁴)



⁴ North of Kansas City, MO.

⁵ CPCS, *International Comparison of Railway Freight Rates, January 2023*. Available online at <https://www.railcan.ca/wp-content/uploads/2023/02/International-Comparison-of-Railway-Freight-Rates.pdf>.

In the last decade, CPKC increased its Canadian grain transportation capacity by approximately one third. Over the duration of the 2025–2026 crop year, CPKC has the capacity prepared to transport up to 34 MMT of grain and grain products, subject to market demand and all supply chain participants operating at maximum performance. This represents a 33 percent increase in grain transportation capacity on the CPKC Canadian rail network since the 2013–2014 crop year when CPKC transported 25.5 MMT of grain and grain products.

This significant capacity increase has benefitted CPKC’s customers across all lines of business, and Canadian supply chains during the winter and all other seasons. Importantly, CPKC has achieved these improvements while maintaining a cost-effective freight transportation system. In fact, a 2023 study from CPCS, a global management consulting firm, reconfirmed what other independent studies have found in the past: Canada has among the lowest average rail freight rates compared to other countries with market economies.⁵

While winter weather will always impact performance, PSR has enabled CPKC to make investments in people, processes, and technology that improve capacity and resiliency during challenging winter conditions. The capacity improvements over the past decade would not have been possible without the successful adoption and execution of PSR.

Impacts of winter weather 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 rail 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 (triggering “Level 1” restrictions, as described

above). These necessary operational changes unavoidably lower overall system velocity, which reduces supply chain 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 prepared to respond if the rail network is impacted.

Operational performance data reporting

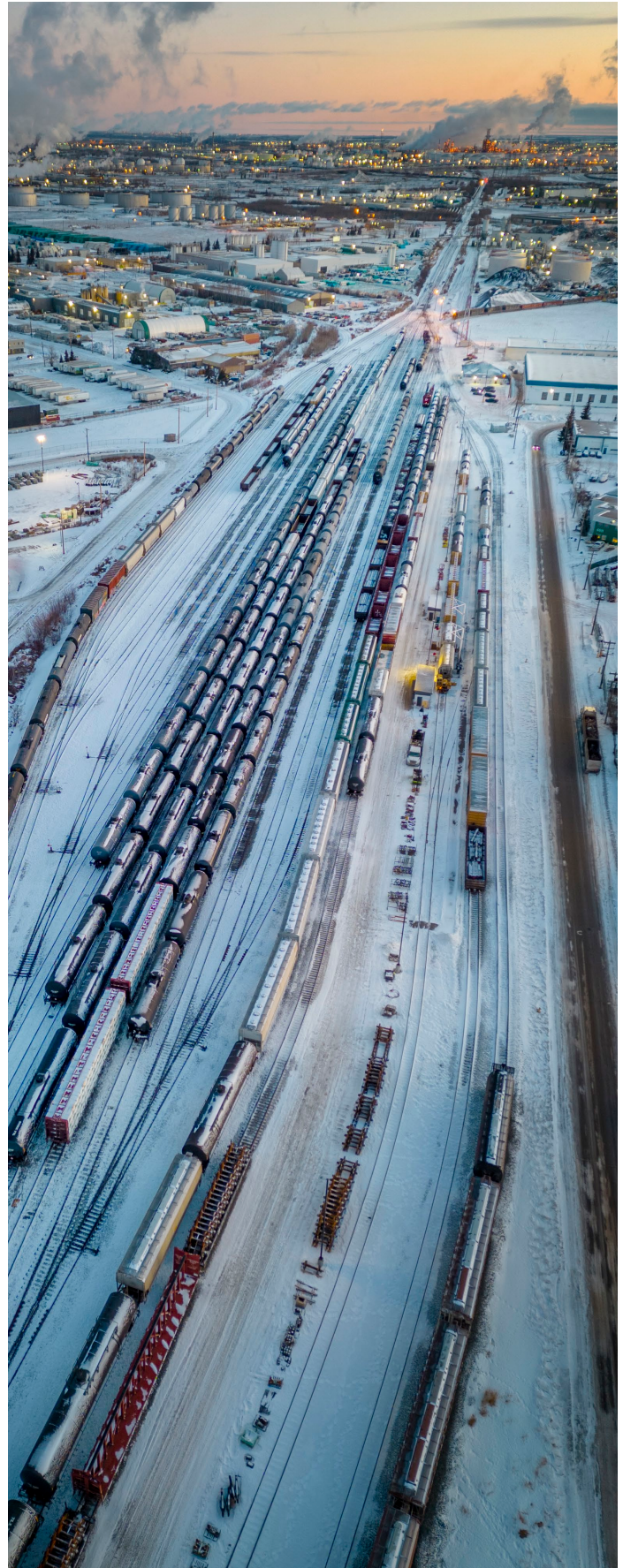
CPKC publicly reports performance data on a weekly basis, including revenue-ton-miles and carloads by line of business, average train speed, and average terminal dwell. These metrics are available at cpkcr.com. CPKC also reports a wide range of weekly performance data to Transport Canada and to the U.S. Surface Transportation Board. The data can be used to monitor current service conditions in the rail industry.

Railway service performance metrics

Some shipper lobby associations have called for railways to publish more service performance metrics. 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 affect 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.

There is no one set standard of service. Pursuant to the common carrier obligation under the *Canada Transportation Act*, a railway is required to supply an adequate and suitable accommodation of a shipper's traffic, but each customer's service requirement is fundamentally different, and a railway's service offering is particular to that customer.



Part 4: Opportunities to improve Canada's grain and other supply chains and diversify Canadian trade

There are key public policy opportunities available to improve Canada's grain and other supply chains, including by setting the conditions to build more trade-enabling infrastructure and diversify Canadian trade. If implemented, the following public policy proposals will benefit Canadian grain and other supply chains in the winter months and across all seasons.

Incentivize Canada-Mexico trade

Trade diversification is a top priority for both shippers and the Canadian federal and provincial governments. Amid uncertainty in the trade environment, grain and other customers have been searching for alternative destinations within North America and beyond. Mexico can become a greater outlet for Canadian grain and other products, especially with the right public policies.

The Canada-Mexico trade relationship is underdeveloped. There is significant opportunity for Canada to increase its agricultural and other product exports to this large, growing, and nearby market. Mexico has demonstrated that it is a reliable trading partner. Mexicans are motivated to grow trade with Canada. Canadian and Mexican shippers now have access to CPKC's single line rail network that seamlessly connects both countries. CPKC is already facilitating growing trade volumes, but the untapped potential should not be underestimated.

There are policy measures that governments could adopt to grow Canadian exports to Mexico. Based on customer feedback, a temporary tax incentive at both the federal and provincial levels could meaningfully unlock the Mexican market for Canadian shippers of agricultural and other products, including lumber, refined fuels, plastics, machinery and more. CPKC believes that tax incentive measures could be designed to be fully compliant with Canada's trade agreement obligations.

There are also opportunities to facilitate Canada-Mexico trade that require action from the Mexican government. CPKC has observed that Mexico is requiring fumigation for Canadian grain, but only a fraction of American grain, crossing the Mexico-U.S. border. This adds transit time for Canadian grain trains entering Mexico. The Government of Mexico can help grow trade with Canada by re-assessing the risks based on science.

Adopt accelerated depreciation

Canada needs policies that stimulate private sector investment to grow Canadian trade with the world. Accelerated depreciation for supply chain capital assets would help achieve that objective while aligning with U.S. policy to improve the competitiveness of the Canadian economy. Implementing 100 percent immediate depreciation for capital investments in supply chain infrastructure would stimulate significant productivity-enhancing, export-enabling investment in Canada. This policy would benefit all Canadian shippers and supply chain participants.



Reject extended interswitching

Extended interswitching is antithetical to creating a regulatory environment that encourages growth and investment. It helps U.S. companies at the expense of Canada. This policy was in place temporarily for two separate periods since 2014. There is no need for yet another “pilot,” as some have suggested. Each time it sunset for strong public policy reasons: first, cost-based rate regulation discourages investment in capacity, which ultimately harms all shippers and the Canadian economy; and second, it creates an uneven playing field for Canada’s railways vis-à-vis U.S. railways because it gives an American carrier the ability to solicit Canadian traffic at a regulated cost-based rate, while the same is not true in reverse.

Each carload interchanged to a U.S. railway under extended interswitching means less work for Canadian railroaders and less ability to invest in capacity-enhancing infrastructure in Canada. Consequently, this policy chases both jobs and investment to the U.S. The Honourable David Emerson’s 2015 statutory review of the *Canada Transportation Act*

validated these concerns and recommended that the policy be sunset.⁶ CPKC welcomes and supports fierce competition, but it must be on a level playing field.

Extended interswitching is a harmful regulatory intervention that is not necessary or justifiable. Canada already has among the lowest rail freight rates anywhere in the world⁷ and Canadian railways achieve that result while delivering the best safety performance in the industry. Western Canadian export grain is already indirectly rate regulated under the Maximum Revenue Entitlement. Shippers also have regulated access to a competing railway up to 1,200 km away under Long-Haul Interswitching, which was created as a replacement for extended interswitching by former Minister of Transport, the late Honourable Marc Garneau, to provide competitive access without the damaging market distortions of cost-based rate regulation. Resurrecting extended interswitching would create, rather than solve, a public policy problem.

Other opportunities

CPKC is encouraged that the federal government appears to be working closely with key stakeholders to resolve the perennial capacity constraint at the Port of Vancouver where grain terminals do not load grain onto vessels during periods of inclement weather. According to the Port of Vancouver, resolving this bottleneck could increase capacity by about 7 percent.⁸

A work stoppage of any duration or even the threat of a work stoppage at a major freight railway or port causes serious harm to Canada’s supply chains and therefore the entire Canadian economy. This past year demonstrated such impacts on grain and other supply chains. Canada has an opportunity to create certainty in its approach to labour disruption in sectors essential to supply chain functions, such as railways and ports. Recurrent labour disruptions have undermined Canada’s reputation as a reliable trading partner. Canada needs an updated legal framework that gives the federal government more effective tools to protect

the Canadian economy and international reputation when collective bargaining fails. The federal government must be able to intervene effectively to avoid labour disruptions and ensure supply chain stability.



⁶ *Canada Transportation Act Review Panel Final Report, Pathways: Connecting Canada’s Transportation System to the World*, 2016. Page 5. Available online at https://tc.canada.ca/sites/default/files/migrated/ctar_vol1_en.pdf.

⁷ CPCS, *International Comparison of Railway Freight Rates*, January 2023. Available online at <https://www.railcan.ca/wp-content/uploads/2023/02/International-Comparison-of-Railway-Freight-Rates.pdf>.

⁸ *Standing Committee on Transport, Infrastructure and Communities, Evidence*, October 25, 2023. Available online at <https://www.ourcommons.ca/DocumentViewer/en/44-1/TRAN/meeting-84/evidence>.

Conclusion

CPKC is well positioned to transport grain and other traffic during the 2025–2026 winter season on its Canadian rail network. CPKC has the processes and resources in place to effectively provide a safe and efficient freight transportation service for its customers and the broader Canadian economy through the winter and all other seasons.

Harsh Canadian winters present operational challenges for railways. As winter conditions worsen, railway performance and overall supply chain capacity are unavoidably impacted. Difficult winter conditions will always force a reduction in

train speed and length to maintain safety. The laws of physics mean that a railway can never be fully insulated from the effects of winter.

Each year, CPKC mobilizes substantial resources to forecast and plan for winter and then mitigate the impact to the greatest extent possible, while maintaining safety. CPKC has achieved remarkable winter operating improvements over the past decade since successfully adopting and executing the PSR operating model. CPKC looks forward to continuing to build upon these strong results for the benefit of customers and the Canadian economy.



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 CPKC's operations, priorities and plans, expectations surrounding transportation of grain and grain products in 2025, demand for grain transportation in 2025–2026, the anticipated supply and demand for our services, including, demand variability and uncertainty, overall system velocity and supply chain capacity, performance, efficiency and synchronization, import and export volumes, tariffs, trade or export restrictions, government policies on tax, investment and trade, capacity to transport Canadian grain, anticipated financial and operational performance, including business prospects, market drivers and outlook, expectations regarding guidance targets for capital expenditures, including the assumptions and expectations associated therewith, investment in transportation assets, planned capital expenditures, anticipated revenues and the source thereof, programs, innovations, enhancements, improvements and strategies (including financing strategies), the occurrence of any labour disruptions and the impacts thereof, predictive weather forecasting methodologies and future weather events, including, the type, severity and geographic scope of winter weather conditions in North America, and the impacts and contingency plans related thereto. This forward-looking information also includes, but is not limited to, statements concerning expectations, beliefs, plans, goals, strategies, predictions, forecasts, 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.

The forward-looking statements contained in this report are based on current expectations, estimates, projections and assumptions, having regard to CPKC's experience and its perception of historical trends, and include, but are not limited to, expectations, estimates, projections and assumptions relating to: change in business strategies; North American and global economic growth; commodity demand growth; sustainable industrial and agricultural production; commodity prices and interest rates; foreign exchange rates; effective tax rates; performance of our assets and equipment; sufficiency of our budgeted capital expenditures in carrying out our business plan; geopolitical conditions; applicable laws, regulations and government policies, including, without limitation, those relating to regulation of rates, tariffs, import/export, trade, taxes, wages, labour and immigration; the availability and cost of labour, services and infrastructure; labour disruptions; and the satisfaction by third parties of their obligations to CPKC. Although CPKC believes the expectations, estimates, projections and assumptions reflected in the forward-looking statements presented herein are reasonable as of the date hereof, there can be no assurance that they will prove to be correct. Current conditions, economic and otherwise, render assumptions, although reasonable when made, subject to greater uncertainty.

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 and strategic opportunities; general North American and global, social, economic, political, credit and business conditions; risks associated with 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 and commodity demand; uncertainty surrounding timing and volumes of commodities being shipped via CPKC; inflation; geopolitical instability; changes in laws, regulations and government policies,

including, without limitation, those relating to regulation of rates, tariffs, import/export, trade, wages, labour and immigration; changes in taxes and tax rates; potential increases in maintenance and operating costs; changes in fuel prices; disruption of fuel supplies; uncertainties of investigations, proceedings or other types of claims and litigation; compliance with environmental regulations; labour disputes; changes in labour costs and labour difficulties; risks and liabilities arising from derailments; transportation of dangerous goods; timing of completion of capital and maintenance projects; sufficiency of budgeted capital expenditures in carrying out business plans; services and infrastructure; the satisfaction by third parties of their obligations; currency and interest rate fluctuations; exchange rates; effects of changes in market conditions and discount rates on the financial position of pension plans and investments; trade restrictions, including the imposition of any tariffs, or other changes to international trade arrangements; the effects of current and future multinational trade agreements on or other developments affecting the level of trade among Canada, the U.S. and Mexico; climate change and the market and regulatory responses to climate change; anticipated in-service dates; success of hedging activities; operational performance and reliability; customer, regulatory and other stakeholder approvals and support; regulatory and legislative decisions and actions; the adverse impact of any termination or revocation by the Mexican government of Kansas City Southern de México, S.A. de C.V.'s concession; public opinion; various events that could disrupt operations, including severe weather, such as droughts, floods, avalanches, volcanism and earthquakes, and cybersecurity attacks, as well as security threats and governmental response to them, and technological changes; acts of terrorism, war or other acts of violence or crime or risk of such activities; insurance coverage limitations; material adverse changes in economic and industry conditions; the outbreak of a pandemic or contagious disease and the 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; disruptions to global supply chains; the realization of anticipated benefits and synergies of the CP-KCS transaction and the timing thereof; the satisfaction of the conditions imposed by the U.S. Surface Transportation Board in its March 15, 2023 decision; the successful integration of KCS into the company; the focus of management time and attention on the CP-KCS transaction and other disruptions arising from the CP-KCS integration; estimated future dividends; financial strength and flexibility; debt and equity market conditions, including the ability to access capital markets on favourable terms or at all; cost of debt and equity capital; improvement in data collection and measuring systems; industry-driven changes to methodologies; and the ability of the management of CPKC to execute key priorities, including those in connection with the CP-KCS transaction. The foregoing list of factors is not exhaustive.

The purpose of our guidance targets for capital expenditures are to assist readers in understanding our expected and targeted financial results, and this information may not be appropriate for other purposes.

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 U.S. 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. Any forward-looking information contained herein is made as of the date hereof. 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.

