CPKC

Dedicated to Grain

Grain Service Outlook Report for the 2026–2027 Crop Year

July 31, 2026

Table of contents

Message from the President and Chief Executive Officer

On behalf of Canadian Pacific Kansas City ("CPKC"), I am pleased to present our 2026–2027 Grain Service Outlook Report. This is our ninth annual grain report, and our fourth since the historic combination of Canadian Pacific ("CP") and Kansas City Southern ("KCS") in April 2023 to create CPKC, the only Class 1 railway network seamlessly connecting Canada, the U.S., and Mexico. The report outlines CPKC's plan to continue delivering industry-leading safe and reliable service to our grain customers.

As we approach the conclusion of the 2025–2026 crop year, CPKC is on track to reach near record volumes for the transportation of Canadian grain and grain products for the full crop year. The results of the 2025–2026 crop year continue to demonstrate the enduring commitment of this franchise to safe and efficient Canadian grain transportation. I am immensely proud of CPKC's railroaders for reliably delivering the largest Canadian grain crop on record. CPKC transported more than 28.9 million metric tonnes ("MMT") of Canadian grain and grain products on our rail network up to Week 49, 9 percent higher than the previous crop year, 15 percent higher than the three-year average, and 19 percent higher than the five-year average.

Looking ahead to 2026–2027, CPKC is eager to maintain this momentum by continuing to leverage the strength of CPKC's powerful North American network in service of our customers. The combined CPKC network is enhancing safety, competition, and resiliency, and expanding route options and market access for Canada's grain shippers. With grain and other customers looking to diversify their end markets amid trade policy uncertainty, CPKC's rail network is uniquely positioned as a "land bridge" seamlessly connecting Canada and Mexico. Canadian grain traffic exported to Mexico continues increasing, and we see that trend continuing. There is significant opportunity to grow Canada-Mexico trade even further.

We are prepared in the coming crop year to supply the capacity to transport more than one third more grain than we transported during the 2013–2014 bumper crop year. This substantial capacity increase is driven by significant investments in the Canadian grain supply chain. For example, since 2018, CPKC has invested more than $500 million to acquire more than 5,900 high-capacity, Canadian-made hopper cars. To further enhance the capacity of our hopper fleet, CPKC is leasing hundreds of additional high-capacity hopper cars that will start coming online this August. With these meaningful investments, approximately 90 percent of our network-wide hopper fleet is now high-capacity. We are also investing in another 100 new Tier 4 diesel-electric locomotives in 2026, building on our investment in 100 new units in 2025. These new modern locomotives enhance fuel economy, improve service reliability, and reduce emissions.

CPKC is once again well positioned to transport Canada's grain crop to market. Precise and accurate customer forecasts are crucial to CPKC's resource planning. We are working with our customers to obtain a firm understanding of their specific demand forecasts for 2026–2027. Based on current expectations, we anticipate continued strong demand for grain transportation.

At CPKC, we remain dedicated to Canadian grain. Grain transportation has been in our DNA since 1881. We look forward to once again safely delivering grain service excellence throughout the 2026–2027 crop year.

Keith Creel

President and Chief Executive Officer

Executive summary

This report outlines CPKC's commitment to delivering safely for grain customers. With dedicated trains and dedicated people, CPKC offers the safest, most efficient, resilient, and competitive transportation service in the industry. CPKC is focused on driving further safety and efficiency improvements during the upcoming 2026–2027 crop year. Key highlights of this year's report:

- CPKC continues to lead the North American railway industry in safety performance. In 2025, for the third consecutive year, CPKC had the lowest Federal Railroad Administration ("FRA") reportable train accident frequency among Class 1 railways, building on CP's legacy of the previous 17 consecutive years of industry leadership. The company's strong safety culture commits it to a relentless focus on improving safety. In 2025, CPKC achieved meaningful improvements to both train accident frequency and personal injury frequency relative to 2024.
- CPKC is on track to conclude the 2025–2026 crop year having transported more than 30 MMT of Canadian grain and grain products despite significant and unpredictable demand variability, an early start to winter requiring 50 days with safety-critical train length and speed restrictions in place, and weeks of inclement weather in Vancouver impacting the loading of grain by terminals to vessels at the port. Subject to crop year-end demand, CPKC expects to achieve a near record volume transported and its highest annual total since CP last broke its all-time, single-year volume record in the 2020–2021 crop year.
- On June 19, 2026, Agriculture and Agri-Food Canada ("AAFC") estimated the total size of the upcoming crop to be approximately 96 MMT, which would translate to a crop in Western Canada of approximately 74.5 MMT. There is not yet a customer consensus or range of projections of Western Canada crop size. In general, CPKC grain customers are cautiously optimistic for a strong Western Canada crop.
- Precise and accurate demand forecasts are essential to CPKC's resource planning. CPKC is working with grain customers to obtain a firm understanding of their specific demand forecasts for the upcoming crop year so that CPKC can effectively plan capacity across all lines of business. Creating or shifting railway capacity cannot be done in a short period of time in response to dramatic shifts in customer demand. Significant variability in grain transportation demand can impact the supply chains of other commodities.

- Based on CPKC's understanding of current customer expectations, and subject to market demand, CPKC plans to supply the capacity required to transport up to 700,000 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 540,000 MT of Canadian grain and grain products on average each week, subject to market demand.
- If the grain supply chain uses this available weekly capacity effectively, then CPKC expects to supply the capacity required to transport up to approximately 34.5 MMT of Canadian grain and grain products throughout the crop year, subject to market demand. This performance target is contingent on all elements of the supply chain, including grain customer terminals, ports, and vessels operating with maximum efficiency, reliability, predictability, and balance throughout the duration of the crop year. The railway is only one part of a complex, integrated grain supply chain. The grain supply chain is only as strong as its weakest link.
- CPKC is investing in the people, equipment, and infrastructure needed to transport Canadian grain and grain products. In addition to investing more than $500 million in high-capacity hopper cars, CPKC is investing more than $1 billion in new locomotive power as part of a multi-year program. CPKC completed the purchase of 100 new Tier 4 diesel-electric locomotives in 2025 and is acquiring another 100 units in 2026. In June 2026, CPKC accepted delivery of the 170th and final Wabtec Tier 4 locomotive. Progress Rail is expected to deliver the first of 65 new Tier 4 units later this year. The new modern locomotives enhance fuel economy, improve service reliability, and reduce emissions, helping CPKC deliver world class service to its customers. Combined with newly leased high-capacity hopper cars starting to come online in August 2026, robust hiring, efficient operations, and other network investments, CPKC is delivering significant capacity gains for Canada's grain supply chain.
- Policy choices support or hinder Canadian grain export growth and Canada's trade diversification agenda. The federal government should help enhance the reliability and throughput capacity of Canada's grain supply chain by: (1) amending the *Canada Labour Code* to protect Canada's national interest by creating new tools to help avoid damaging labour disruptions in critical Canadian supply chains when it is clear a negotiated outcome is not achievable; (2) accelerating regulatory approvals for infrastructure projects and creating more certainty with respect to requirements and approval timelines; (3) introducing 100 percent immediate depreciation for supply chain capital investments to foster private sector investment in Canadian transportation infrastructure and become competitive with U.S. tax policy; and (4) work with grain terminals to improve their ability to load grain onto vessels during periods of inclement weather at the Port of Vancouver. CPKC understands the federal government is considering the resurrection of Extended Interswitching. This policy is antithetical to the government's trade diversification goals; as the data has shown from previous temporary expansions of the regulated interswitching distance, the key consequence of Extended Interswitching is the incentivization of diverting Canadian traffic to the U.S.

Introduction

CPKC is pleased to submit its 2026–2027 Grain Service Outlook Report to the Minister of Transport, as required by section 151.01(1) of the *Canada Transportation Act*. This annual report provides an assessment of CPKC's ability to transport grain during the upcoming 2026–2027 crop year, considering the total volume of grain expected to be transported.

Part 1 looks forward to the 2026–2027 crop year. It reviews the expectations of customers and AAFC for the size of the upcoming grain crop, and CPKC's plans to supply the rail capacity required to transport the crop throughout the duration of the crop year.

Part 2 provides an overview of CPKC's strong performance transporting Canadian grain and grain products during the past 2025–2026 crop year.

Part 3 outlines CPKC's industry-leading safety record, hiring, and capital investments.

Part 4 highlights opportunities available to the federal government to help enhance the reliability, throughput capacity, and efficiency of the Canadian grain supply chain.

Part 1: Planning for grain transportation excellence in 2026–2027

Forecasting the crop size

On June 19, 2026, AAFC projected a Canada-wide crop of 96 MMT[1] for the upcoming 2026–2027 crop year. Using the average of the past two crop years, this equates to a Western Canada crop of approximately 74.5 MMT, which would represent an estimated 12 percent decline versus the 2025–2026 record crop year of 85 MMT in Western Canada and an expected return to crop production in line with the four-year average.[2] As of June 30, 2026, the Canadian Drought Monitor classified 11 percent of the Prairie region as abnormally dry or in drought, including 3 percent of the agricultural landscape.[3] This compares favourably to last year's Drought Monitor, which reported 72 percent of the Prairie region as abnormally dry or in drought at this time. However, high volumes of precipitation across Western Canada in recent weeks is creating concern and there are reports of excess moisture in certain areas. Production will remain sensitive to further precipitation and any extreme weather events. Prairie grain supply is expected to be boosted by a larger than average carry-in volume, following a record production year in 2025–2026. There is not yet a customer consensus or range of projections of Western Canada crop size. In general, CPKC grain customers are cautiously optimistic for a strong Western Canada crop.

Obtaining an accurate demand forecast from grain customers at the start of the crop year is often challenging, particularly when the harvest occurs later in the fall. Significant demand variability in the grain sector makes it difficult to plan resources for the supply of rail capacity required for grain transportation. Grain traffic demand variability also impacts the supply chains for other commodities that use railway transportation. Effective railway capacity planning requires sufficient lead time to have the appropriate resources (e.g., locomotives and crews which take time to acquire and hire) in place to accommodate the traffic demand. Railway capacity cannot be created in a short period of time. It requires advance notice to effectively plan for and build the capacity into the railway's operating model. That allows for balance across all lines of business so that the railway can provide safe and efficient service to all of its customers. This is why precise and accurate customer forecasts are critical to effective resource planning for all supply chain participants. When forecasting the crop size, CPKC works closely with its grain customers to ascertain their specific demand forecasts and expectations for the upcoming crop year. In an effort to refine and validate customer forecasts, CPKC reviews historical averages and the latest AAFC predictions on production and carry-in volume for the upcoming crop year.

[1] Agriculture and Agri-Food Canada, Outlook for Principal Field Crops, 2025-06-20.

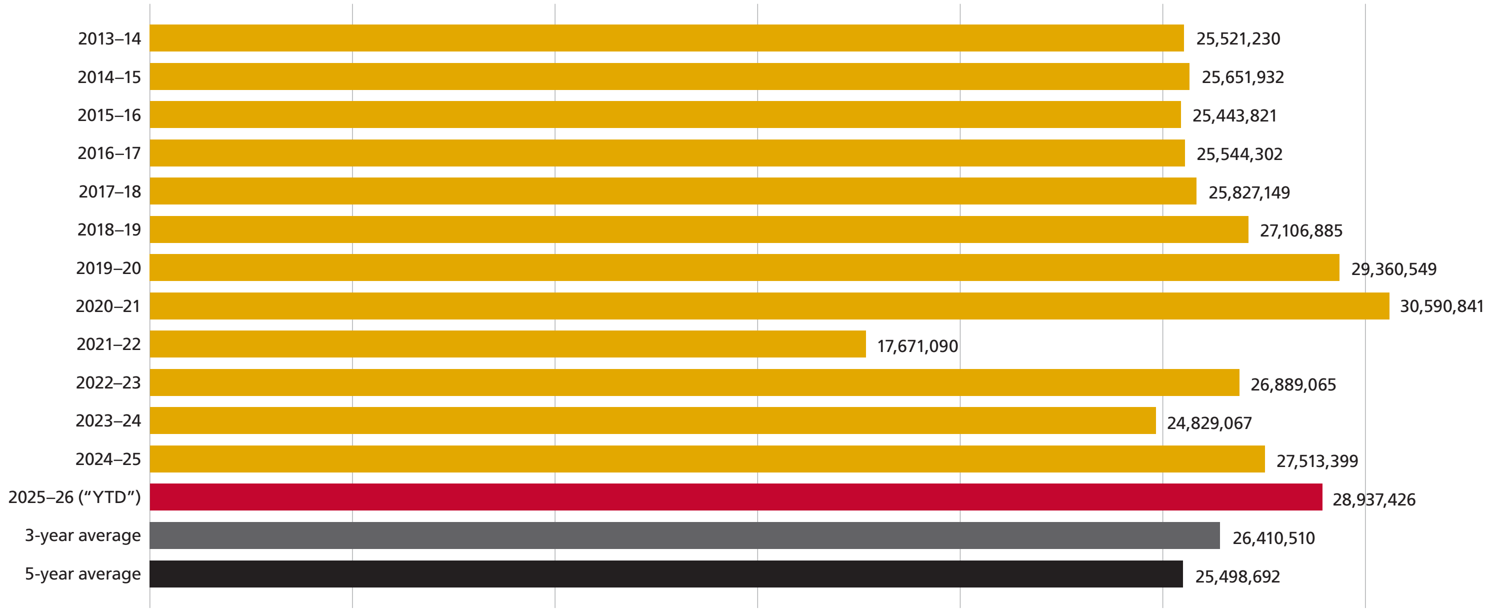
[2] Agriculture and Agri-Food Canada uses Statistics Canada's farmer planting intentions from the March 2026 crop area estimates.

[3] Agriculture and Agri-Food Canada, Canadian Drought Monitor, Current Drought Conditions, available online: https://agriculture.canada.ca/en/agricultural-production/weather/canadian-drought-0.

Capacity supply targets for the 2026–2027 crop year

Based on current customer expectations and AAFC forecasts, CPKC anticipates continued strong demand for Canadian grain transportation in 2026–2027.

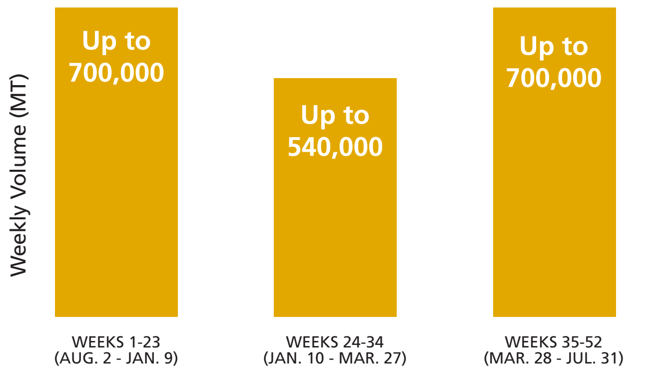
FIGURE 1: CPKC CANADIAN GRAIN AND GRAIN PRODUCTS VOLUME TRANSPORTED



Note: Crop year 2025–2026 shows volumes Year-to-Date (“YTD”) up to and including Week 49.

CPKC is resourcing the railway to provide the capacity to transport Canada’s grain crop throughout the 2026–2027 crop year. Considering current customer expectations, and subject to market demand, CPKC is planning to supply the capacity required to transport up to 700,000 MT of grain and grain products each week on average during Grain Service Weeks 1-23 (August 2 to January 9) and Grain Service Weeks 35-52 (March 28 to July 31), when the Port of Thunder Bay is expected to be open. CPKC is planning to supply the capacity required to transport up to 540,000 MT of grain and grain products each week on average during the winter period through Grain Service Weeks 24-34 (January 10 to March 27) when the Port of Thunder Bay is closed, subject to market demand. If the grain supply chain uses this available weekly

FIGURE 2: CPKC 2026–2027 CROP YEAR SUPPLY TARGETS FOR CANADIAN GRAIN AND GRAIN PRODUCTS TRANSPORTATION



capacity effectively, then CPKC expects to supply the capacity to transport up to approximately 34.5 MMT of Canadian grain and grain products during the 2026–2027 crop year, subject to market demand.

The Port of Thunder Bay is a major and important outlet for Canadian export grain moving by vessel on the St. Lawrence Seaway. The five-year historical average closing of seaway navigation due to winter weather is January 14, while the average opening is March 25.[4] The Port of Thunder Bay's closure during the winter period significantly constrains the export capacity of Canada's grain supply chain during a period when demand for grain transportation is typically high or at its peak.

CPKC's operational plan and supply targets are calibrated to the available capacity throughout the entire supply chain. This includes the capacity available at in-country elevators and port terminals and other facilities (e.g., canola crush and container stuffing facilities). The operational plan assumes that the entire supply chain, including the critical portion through Vancouver, will run at or near capacity throughout the entirety of the crop year.

The most accurate and meaningful supply metric is volume (which is measured by the Canadian grain industry in MT), rather than carloads, because the volume and weight transported in each car has increased substantially over the last decade with the new high-capacity cars coming into service, largely through investment by CPKC. A typical CPKC hopper car now carries on average about 5 MT, or 5 percent, more grain per car compared to 2018, the year CPKC started the acquisition of new high-capacity hopper cars.

Evolving agricultural landscape

The Canadian agricultural landscape continues to evolve. Renewable fuel requirements in North America are driving increased demand for Canadian canola oil. This demand has spurred multiple new crush facility projects and expansions. In 2026, for example, Louis Dreyfus completed its Yorkton crush expansion, and Cargill opened its new crush facility in Regina.

Notwithstanding the uncertain trade and tariff environment, CPKC expects these developments in the canola oil and meal market to impact trade flows. For instance, lower volumes of export canola seed are anticipated as the crush industry requires more inputs to produce additional canola oil and meal. AAFC projects a 1 percent increase in domestic usage of all-Canada grains.[5] While the trade flows will likely fluctuate from historical patterns, CPKC is in regular contact with customers to understand these changing trade flows, customer demand, and calibrate railway resource planning.

Customer and industry collaboration and communication

CPKC is focused on providing world-class service to customers. CPKC's Grain Sales and Marketing team is in regular contact with customers to understand their forecasted demand. CPKC also meets with agriculture industry organizations and participates at industry events across Canada. CPKC uses many tools to facilitate direct communication and provide access to current 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.

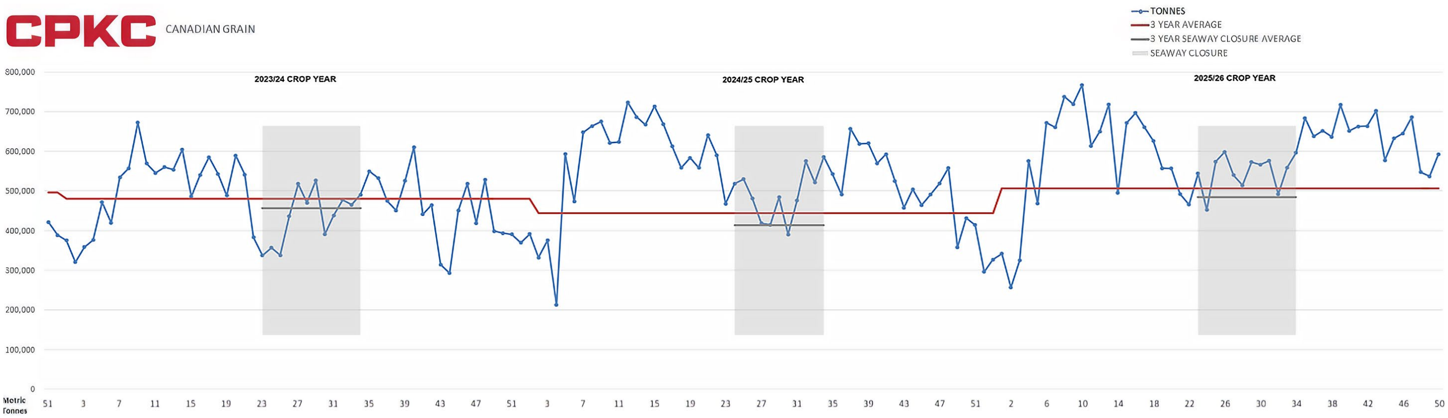
[4] Port of Thunder Bay website, Port Cargo Statistics 1952-Present, available online: https://www.portthunderbay.ca/administration/cargo-statistics/.

[5] Agriculture and Agri-Food Canada, Outlook for Principal Field Crops, 2025-06-20.

CPKC's Grain Performance Scorecard

CPKC publishes a weekly grain supply chain scorecard on its website at cpkcr.com. The scorecard outlines CPKC's performance for the previous week and provides relevant information on any internal or external factors affecting transportation across the grain supply chain.

FIGURE 3: CPKC WEEKLY GRAIN SUPPLY CHAIN SCORECARD

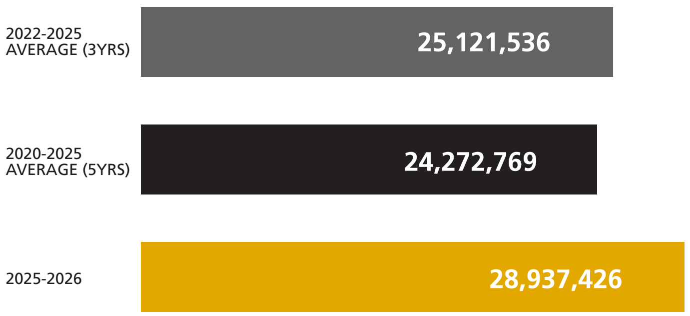


Part 2: 2025–2026 grain supply chain performance

Crop year in review

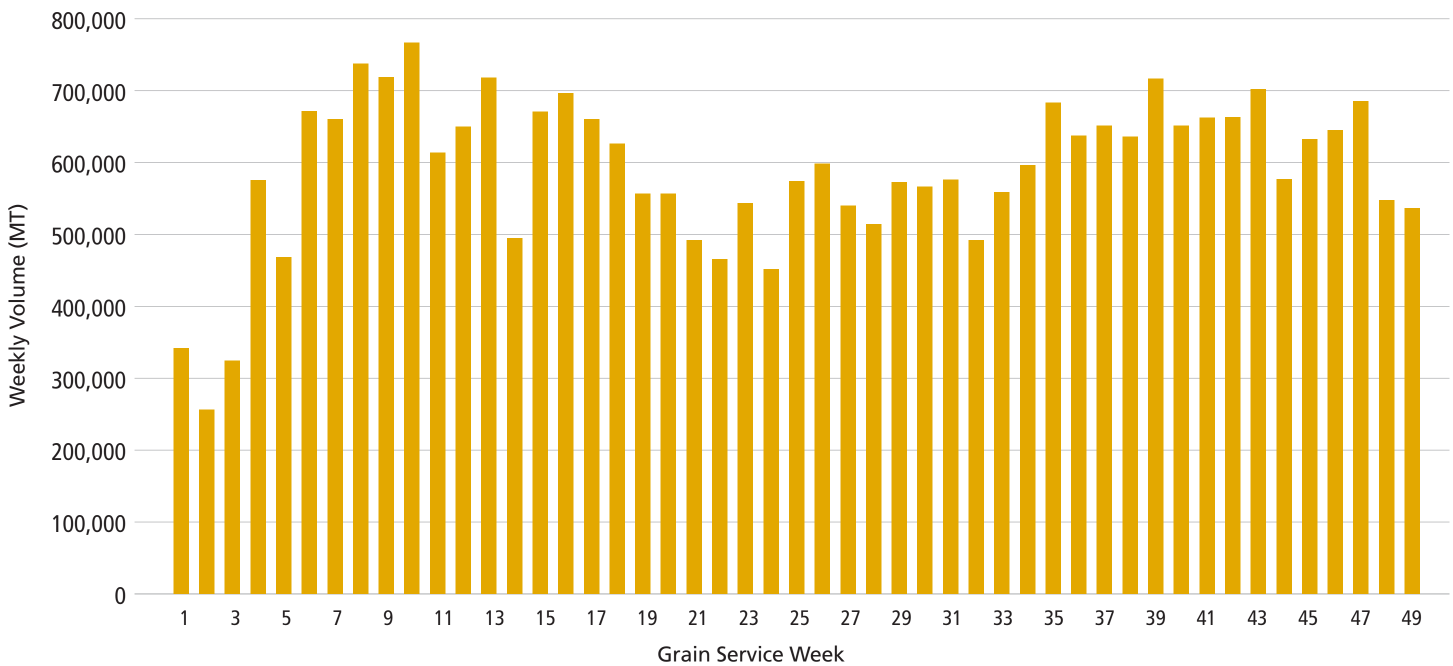
The 2025–2026 crop year was characterized by strong CPKC service to transport a record crop in Western Canada. CPKC set monthly volume records for the transportation of Canadian grain in five of the first six months of 2026. In 2025–2026, the volumes of Canadian grain and grain products transported on the CPKC network in multiple weeks exceeded the average supply chain capacity targets outlined in CPKC's 2025–2026 Grain Service Outlook Report. Subject to crop year-end customer demand, CPKC is set to conclude the 2025–2026 crop year having transported more than 30 MMT of Canadian grain and grain products. Comparing crop-year-to-date averages for the trailing three and five crop years, volume transported in 2025–2026 up to Week 49 is 15 percent and 19 percent higher, respectively. CPKC effectively managed external challenges throughout the crop year, such as significant and unpredictable demand variability, especially through the fall 2025 period, a year-over-year ("YoY") increase in the total number of days requiring safety-critical winter weather restrictions, and weeks of inclement weather interrupting continuous grain loading at port terminals in Vancouver.

FIGURE 4: VOLUME TRANSPORTED VERSUS TRAILING 3 AND 5 YEAR AVERAGES (CROP YEAR 2025–2026)



Note: All volumes are Crop YTD up to and including Week 49.

FIGURE 5: GRAIN VOLUME TRANSPORTED BY WEEK (CROP YEAR 2025–2026)



Strong, consistent performance to deliver a record crop

Demand for the 2025–2026 crop year ramped up through September. In December, it was clear that Canada produced an historically large crop. CPKC set weekly volume records in 16 different weeks, monthly volume records in five separate months, quarterly volume records in Q1 and Q2 2026, and is on track to achieve a near record annual volume. During the winter months, CPKC transported more grain than projected in its 2025–2026 Grain Service Outlook Report, which outlined the railway's prepared capacity, assuming optimal supply chain performance and customer demand. CPKC navigated demand fluctuations, sometimes week-over-week, and other challenges to provide consistent and dedicated service to its grain customers throughout the crop year. This past crop year demonstrated in many weeks what the railway and broader grain supply chain can do without persistent labour and other disruptions.

FIGURE 6: VOLUMES TRANSPORTED VERSUS AVERAGE WEEKLY WINTER SUPPLY CHAIN CAPACITY TARGET

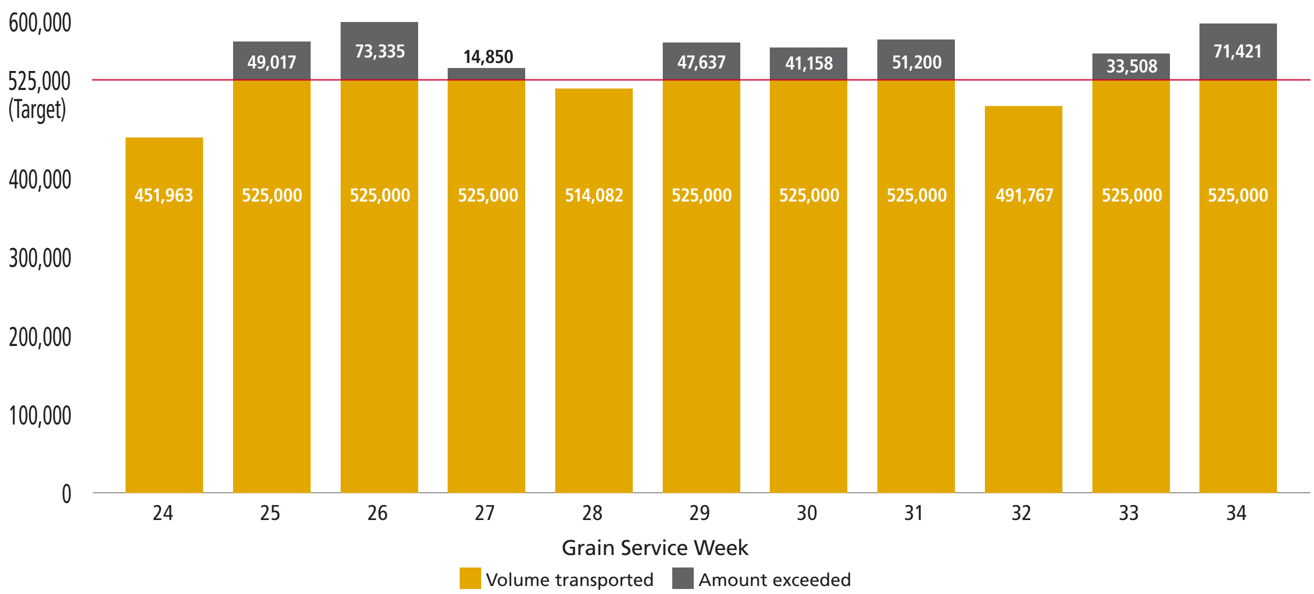
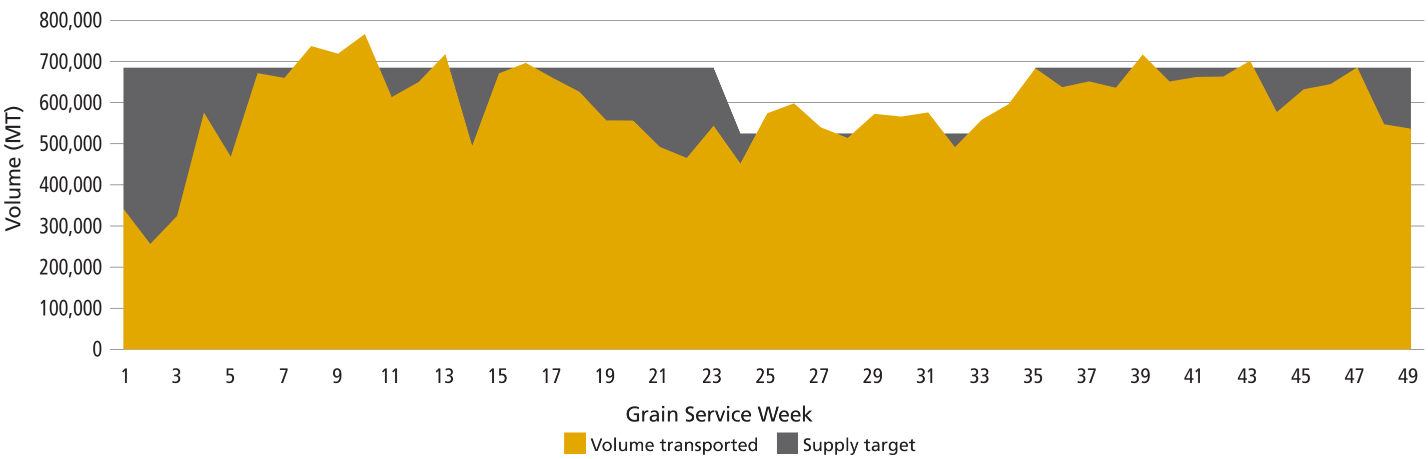


FIGURE 7: CPKC GRAIN & GRAIN PRODUCTS TRANSPORTED VERSUS SUPPLY TARGET (2025–2026)



Crop size and demand variability

In the grain space, it can be challenging to obtain clear visibility on the size of an upcoming crop, which impacts customer demand for railway transportation. Crop size often fluctuates considerably from year to year. This drives significant demand variability and makes it challenging for CPKC to obtain a clear and firm understanding of demand to properly plan capacity on the rail network.

As shown in Figures 8 and 9, there have been variations of more than 50 percent (25 MMT) in Western Canadian grain production between crop years. CPKC's 2025–2026 Grain Service Outlook report, published on July 31, 2025, explained that Canada's grain industry around that time anticipated a Western Canadian crop between approximately 70 and 73 MMT, based on AAFC projections and customer estimates. The 2025–2026 Western Canadian crop ended up yielding 85 MMT, an increase of approximately 20 percent.

Tariff uncertainty and other global market conditions also impacted customer demand in 2025–2026. Canadian canola exports, for example, declined in the first half of the crop year due to Chinese tariffs. China's decision to significantly reduce its tariffs on Canadian canola starting on March 1, 2026, led to strong transportation demand for Canadian canola in the second half. In parts of 2025–2026, CPKC grain customers reported that farmers were reluctant to sell their grain due to subdued global prices.

FIGURE 8: YEAR-OVER-YEAR VARIABILITY OF WESTERN CANADIAN GRAIN PRODUCTION, 2001-2025

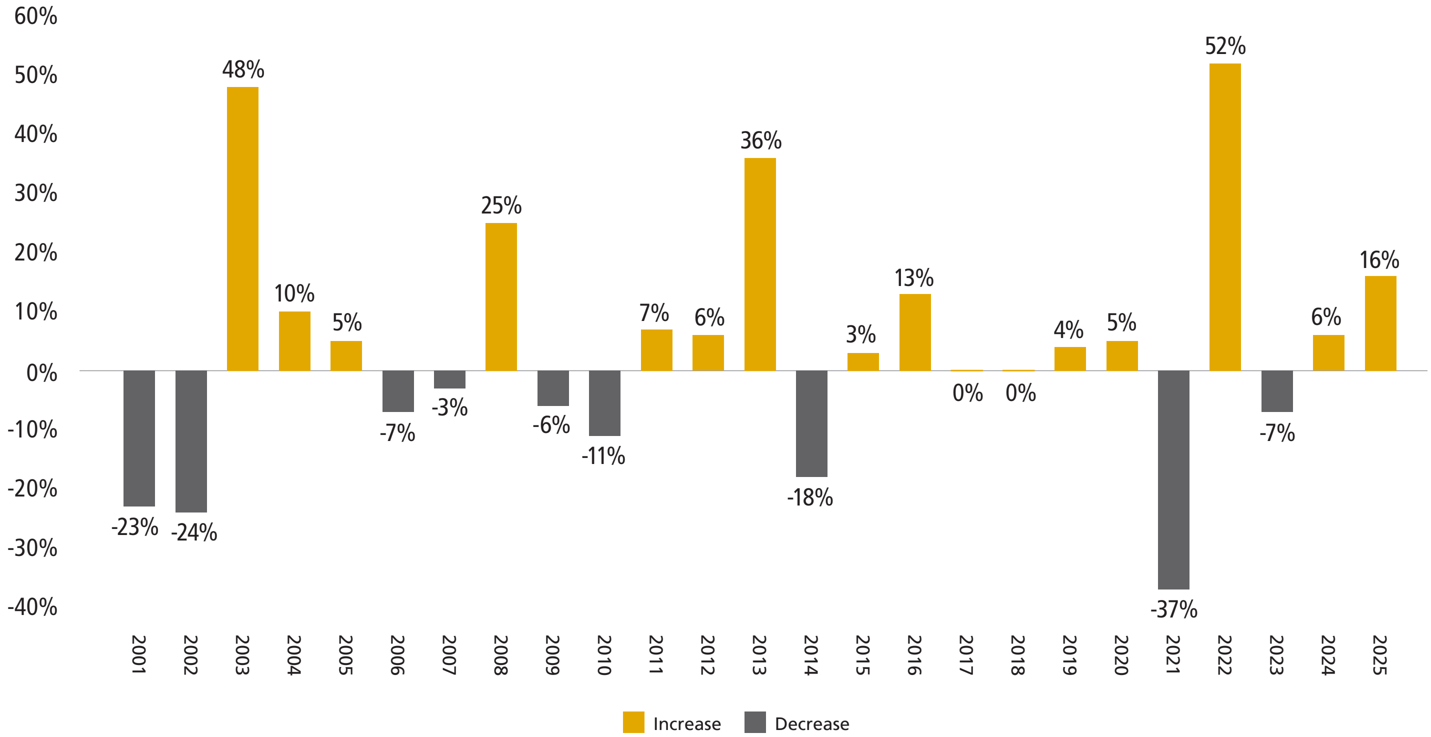
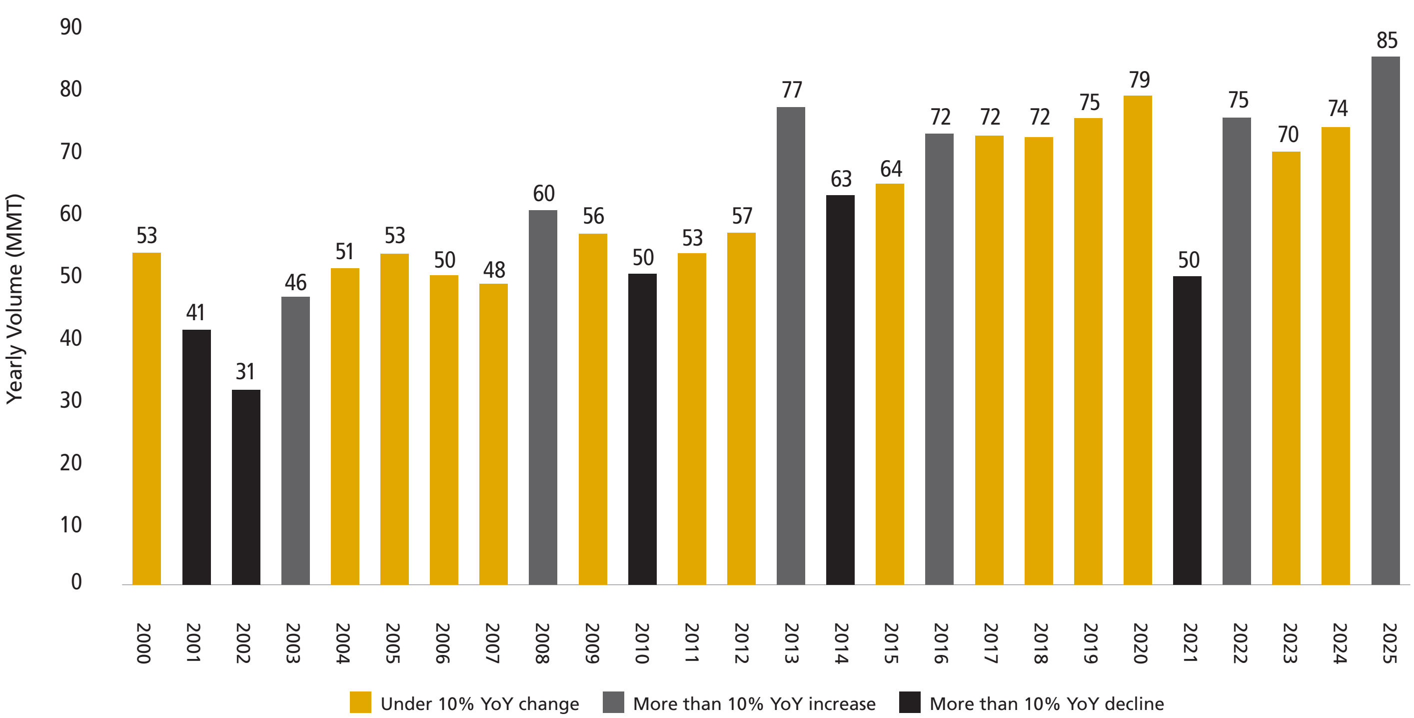


FIGURE 9: WESTERN CANADIAN GRAIN PRODUCTION, 2000-2025



Note: Figures 8 and 9 created using data derived from Statistics Canada Table 32-10-0359-01.

An early start to winter; more days with safety-critical restrictions

Winter came early in much of Canada during the 2025–2026 crop year. Adjustments to train speed and length are required to maintain safety in certain severe winter 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. As shown in Figure 10, no restrictions were required in November or December of 2024. In contrast, 156 restrictions[6] were necessary during the same months in 2025. The 2025–2026 winter saw the highest number of days with restrictions in recent years. Extreme cold temperatures impact operations throughout the grain supply chain, including customer loading, port performance, and vessel schedules. Significant snowfall and other winter conditions also impact the grain supply chain in winter months.

Inclement weather in Vancouver

Vancouver experienced significant precipitation in December 2025, which impacted the grain supply chain for many weeks. Grain terminals at the Port of Vancouver do not consistently load grain onto vessels during periods of inclement weather. These delays have a cascading effect throughout the grain supply chain, as they disrupt the efficient and balanced cycling of empty grain hopper cars from the port back to in-country elevators for reloading. Other ports that experience similar levels of precipitation to Vancouver, including those in the Pacific Northwest of the United States, have found practical infrastructure solutions to keep grain loading onto vessels consistently during inclement weather.

FIGURE 10: NOVEMBER/DECEMBER RESTRICTIONS 2024 VERSUS 2025

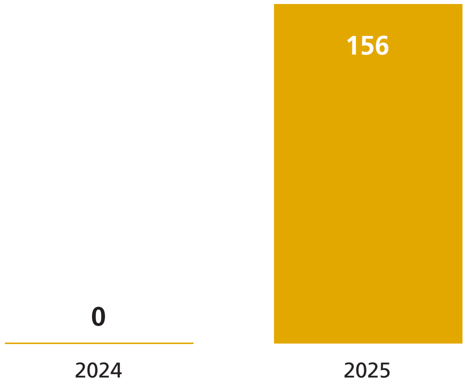


FIGURE 11: NUMBER OF DAYS WITH RESTRICTIONS BY YEAR

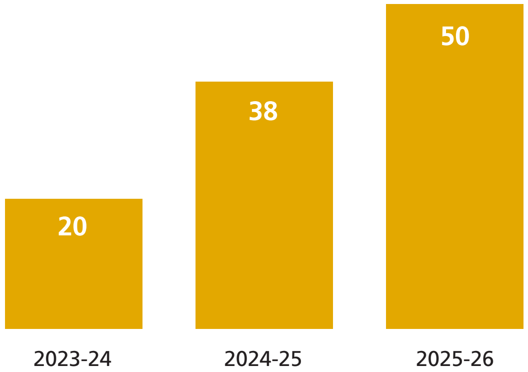
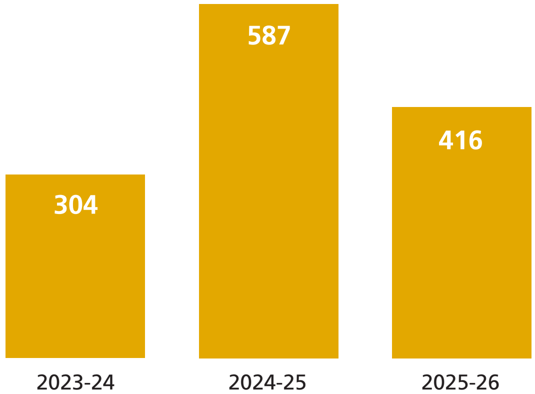


FIGURE 12: NUMBER OF RESTRICTIONS COMPARED TO PREVIOUS YEARS



[6] *A restriction is counted as the implementation of any level (1-3) of mandatory cold weather operational adjustment for half a day in a particular railway corridor.*

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 for Canada to maximize the export potential of its agricultural and other export products.

CPKC's combined network benefits Canadian grain shippers

The combined CPKC rail network has expanded routing and market optionality across North America for its grain customers. More than three years after CP's historic acquisition of KCS, CPKC continues to transport more 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. For example, in 2025, CPKC operated a train carrying Canadian oats 4,800 km to Mexico, the longest distance of any freight train in revenue service in CPKC history. Since the acquisition, CPKC has doubled the volume of Canadian grain moving on its "land bridge" to Mexico. On a calendar YoY basis, Canadian grain volumes to Mexico via CPKC have grown 40 percent. Amid trade and tariff uncertainty, reliable access to new markets for Canadian grain helps create opportunities and improve resiliency for exporters.

Operational performance data reporting

CPKC publicly reports performance data on a weekly basis, including revenue-ton-miles (millions) 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.

Measuring supply chain performance

Railway data is not a proxy for overall supply chain performance. Weekly Empty Order Fulfillment carload data reported by many agricultural political associations, for example, does not consider supply chain interruptions, delays, and shipments into longer-cycle pipelines and destinations that affect the number of cars available to load each week. It does not account for the performance of the customer loading at origin and unloading at destination terminals, which are critical factors in assessing overall supply chain performance. Railway performance reports from agriculture political associations also do not account for CPKC's Dedicated Train program, which is used to safely and efficiently transport more than 85 percent of whole grains transported on CPKC's Canadian network. Therefore, Weekly Empty Order Fulfillment data is not a valid metric to measure the performance of either railways or the overall grain supply chain.

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.

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 of non-performance. This is how both parties are held accountable for their commitments. In general, where a customer can provide the railway with a volume forecast or commitment, the railway is in a better position to offer a more specific service commitment because it will be able 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 sufficiently 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.

CPKC's Dedicated Train program has been in place since the 2014–2015 crop year. Under this program, CPKC's grain customers have the flexibility to choose the origins and destinations for their shipments and the number of grain unit trains they require to fulfill their transportation 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 Dedicated Train 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 Dedicated Train program can order hopper cars through the open distribution program, which allows customers to request railcars from CPKC with two weeks' notice.

CPKC's Dedicated Train program continues to support consistent grain volumes over the full 12 months of the crop year and promote commitment to the full use of CPKC's new extended network with year-round product offering to Mexico.

Elevator of the Year award

G3 Canada Limited is the winner of CPKC's 2024–2025 Canadian Elevator of the Year award. The G3 elevator, located in Colonsay, Saskatchewan, demonstrated outstanding achievement in railcar loading processes and safety practices, contributing significantly to efficient grain transportation across North America and setting positive examples within the agriculture business community. G3 is a valued customer and multi-time winner of the Grain Elevator of the Year award. CPKC will announce the Elevator of the Year award for the 2025–2026 crop year in fall 2025.

Part 3: Enhancing safety and capacity

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 2025, for the third 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. In 2025, CPKC achieved meaningful improvements to both train accident frequency and personal injury frequency relative to 2024. CPKC's train accident frequency in 2025 was the lowest on record and 65 percent lower than the Class 1 industry average, a gap that has remained substantial since CP adopted its precision scheduled railroading operating model in 2013. CPKC also matched its best year ever for personal injury performance in 2025, a 46 percent improvement since 2013, as measured by the FRA's personal injury rate statistics.

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 incorporating new and innovative methods.

FIGURE 13: FRA-REPORTABLE TRAIN ACCIDENT FREQUENCY (PER MILLION TRAIN MILES)

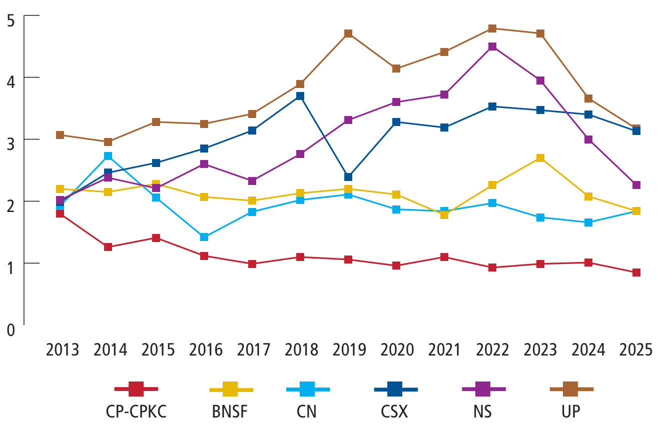


FIGURE 14: CPKC VERSUS CLASS 1 AVERAGE FRA TRAIN ACCIDENT FREQUENCY (PER MILLION TRAIN MILES)

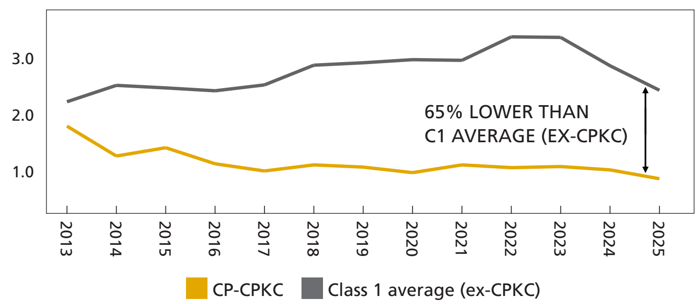
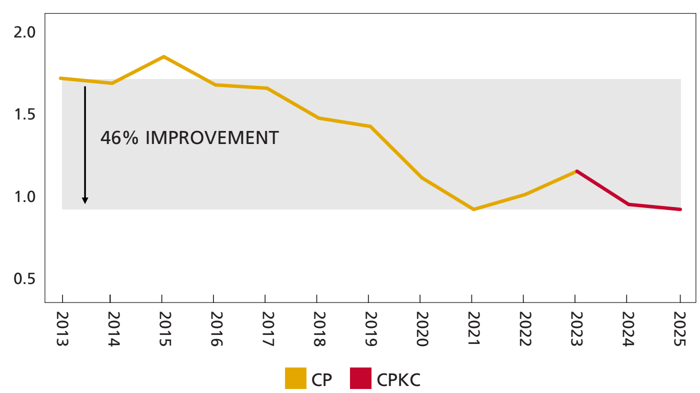


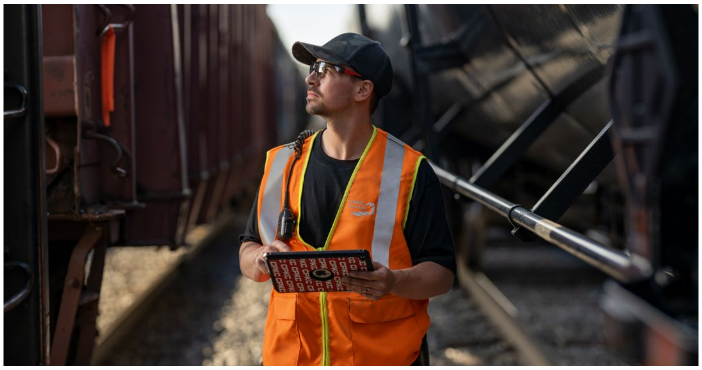
FIGURE 15: FRA-REPORTABLE PERSONAL INJURY FREQUENCY (PER 200,000 EMPLOYEE-HOURS)



Note: For Figures 13-15, 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.

Building capacity in Canada's grain supply chain

CPKC is investing in the assets and crews needed to supply the rail capacity to meet the demand of its grain customers throughout the duration of the crop year.



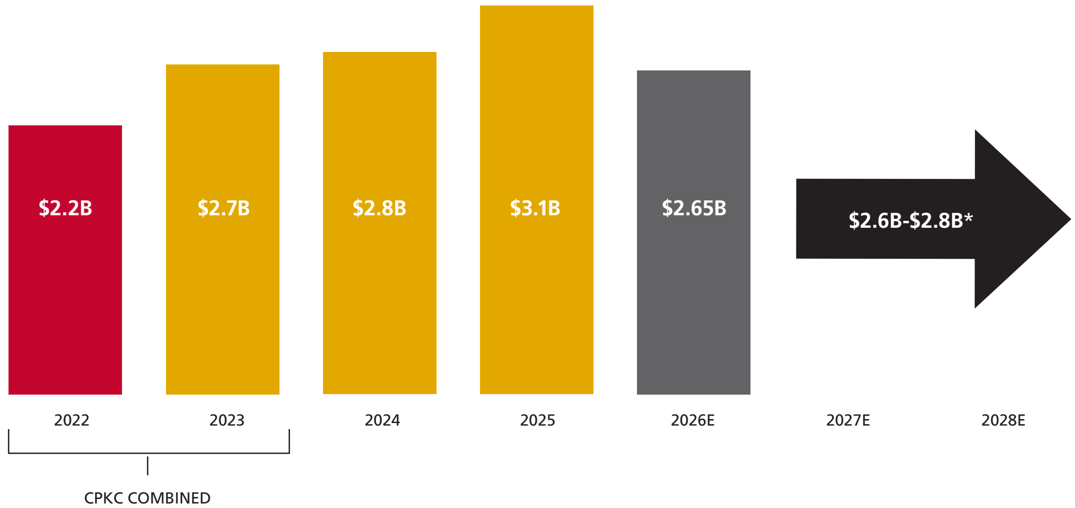
Robust hiring

CPKC has approximately 20,000 employees across its North American network, with more than half located in Canada. In 2025, CPKC hired more than 2,500 new employees, once again achieving significant hiring targets over the past year despite tight labour markets in many key locations on the network.

Capital investment

CPKC continued to invest significantly in 2025, with a record $3.1 billion in capital spent to enhance safety and increase the capacity, resiliency, and efficiency of its rail network. Part of the 2025 capital spend was directly tied to capacity projects following CP's acquisition of KCS in 2023. CPKC is executing planned capital investments of approximately $2.65 billion in 2026. CPKC's current guidance targets capital expenditures of approximately $2.6 billion to $2.8 billion per year across the combined network for the 2027–2028 period.

FIGURE 16: 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 doubles the capacity to move Canadian grain and other freight across the border at this critical gateway.

SPOTLIGHT

Investment in 200 new locomotives

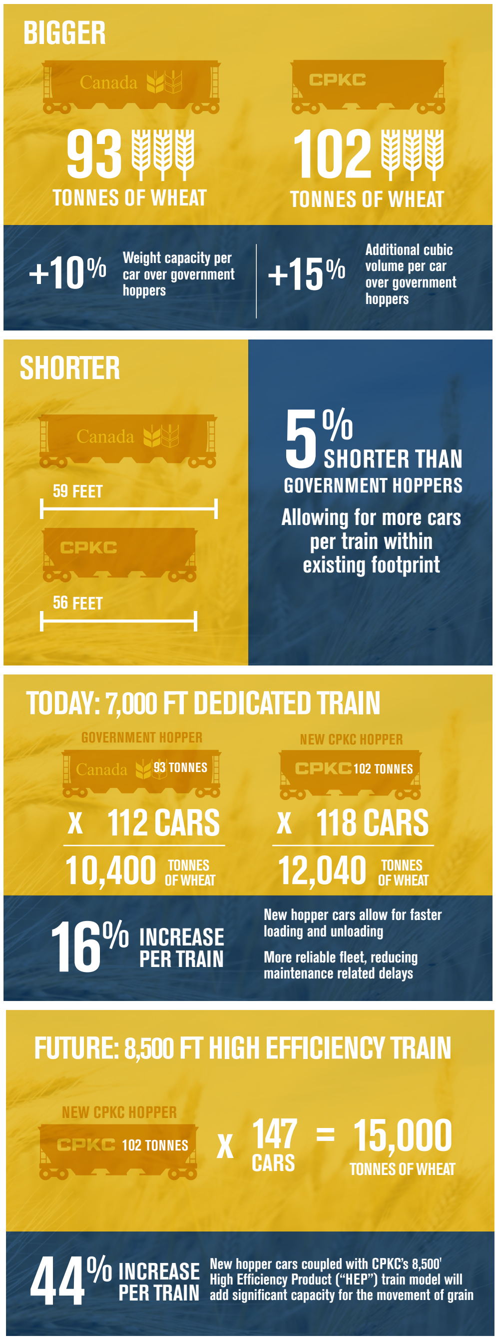
CPKC is investing more than $1 billion in new locomotive power as part of a multi-year program. CPKC completed the purchase of 100 new Tier 4 diesel-electric locomotives in 2025 and is acquiring another 100 units in 2026. In June 2026, CPKC accepted delivery of the 170th and final Wabtec Tier 4 locomotive. Progress Rail is expected to deliver the first of 65 new Tier 4 units later this year. The new modern locomotives enhance fuel economy, improve service reliability, and reduce emissions, helping CPKC deliver world class service to its customers.

Grain hopper car investment

CPKC's fleet of grain hopper cars has grown substantially in recent years. CPKC invested more than $500 million in recent years to purchase 5,900 Canadian-made, high-capacity grain hopper cars. To further enhance the capacity of the hopper fleet, CPKC is leasing hundreds of additional high-capacity hopper cars that will start to come online in August 2026. Approximately 90 percent of CPKC's expanded grain hopper fleet is now high capacity. These investments have significantly increased CPKC's capacity to transport Canadian grain.

CPKC's made-in-Canada, high-capacity hopper cars are shorter, wider, and lighter than legacy Government of Canada hoppers. When combined with CPKC's 8,500-foot High Efficiency Product ("HEP") train model, the new high-capacity hopper cars are delivering more than 44 percent more volume capacity in each grain unit train. With newer, more reliable components, maintenance delays are reduced. The three-pocket design means more efficient loading and unloading. In fact, 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.

FIGURE 17: BENEFITS OF CPKC'S HOPPER CAR INVESTMENT

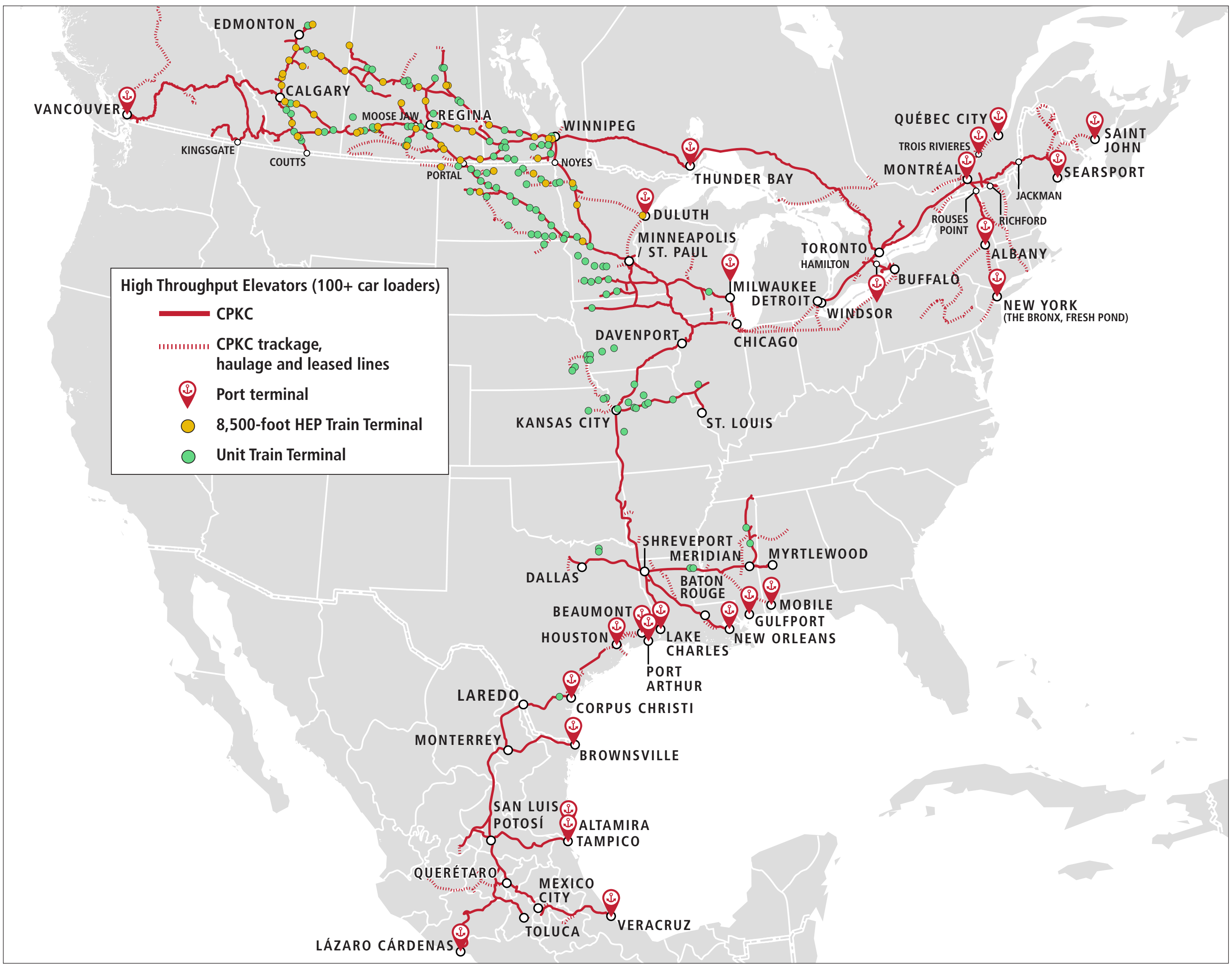


High Efficiency Product (“HEP”) train model

In collaboration with customers, CPKC’s 8,500-foot HEP train model is continuing to help transform the Canadian grain landscape. By keeping the train intact at an elevator, there is smooth and efficient loading of the cars at origin. There are incentives in place for elevators to load 8,500' trains clear of the main track in 16 hours or less. All new greenfield 8,500-foot-capable origin high-throughput elevators built on CPKC’s network incorporate a loop track design, and the 8,500' HEP-qualified ladder-track style elevators incorporate a long lead capable of handling this train.

CPKC’s HEP model generates substantial efficiencies for the grain supply chain and drives sustainability, including reduced dwell time (locomotive remains with the hopper cars) and increased reliability (locomotives maintain train air brake pressure during loading). By speeding up the loading process, grain customers expand their capacity and therefore their ability to buy more grain from producers. To visualize these efficiency benefits: a Panamax vessel is filled by four 8,500' HEP trains compared to six with the historical train model.

FIGURE 18: CPKC’S GRAIN ELEVATOR NETWORK



Part 4: Policy choices can support – or hinder – Canadian grain export growth and trade diversification

There are key public policy opportunities available to improve Canada's grain supply chain, including by modernizing Canada's labour relations framework to address labour instability in the federal transportation system, setting the conditions to incent supply chain investment and build more trade-enabling infrastructure, and removing capacity constraints to increase Canadian grain and other exports to global markets. Extended Interswitching is a policy that, if resurrected, will undermine the federal government's trade diversification and investment objectives.

Address labour instability

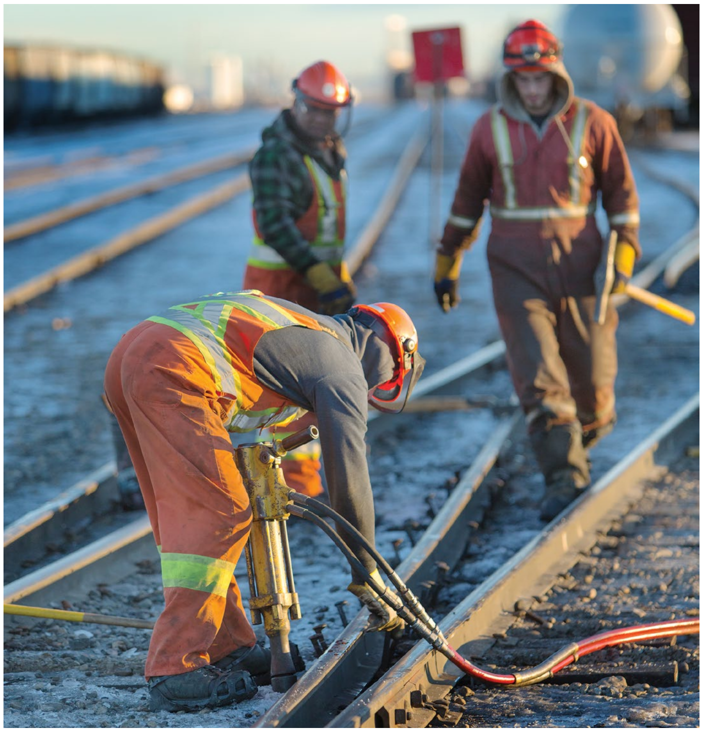
CPKC respects the right to collectively bargain and recognizes that the best deals are the ones voluntarily negotiated at the bargaining table. This is the best outcome for all parties, and it is CPKC's objective in each round of bargaining. CPKC has a strong record of successfully reaching agreements with our many unions over the past 30 years. This track record demonstrates CPKC's commitment to and respect for collective bargaining. In the overwhelming majority of bargaining cycles, CPKC reaches voluntary agreements with unions. However, an exceptionally limited number of labour disputes, particularly in the transportation sector, can rise to the level of impairing Canada's national interest.

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. Recent years have demonstrated such impacts on grain and other supply chains. Recurrent labour disruptions have undermined Canada's reputation as a reliable trading partner. Canada needs a modernized legal framework that gives the federal government more effective tools to protect Canada's national interest when collective bargaining fails in sectors critical to supply chain functions, such as railways and ports. The federal government must be able to intervene effectively to avoid labour disruptions and ensure supply chain stability when the national interest is impaired by a labour dispute. This can be achieved with appropriate safeguards to protect the constitutional validity of the authority.

The government should act urgently to adopt the recommendations of the Industrial Inquiry Commission on West Coast Ports, including the proposed special mediator and B.C.-wide geographic certification for West Coast ports. With collective bargaining at B.C. ports set to commence in fall 2026, time is of the essence for the federal government to help improve the collective bargaining process and avoid economic self-harm. The federal government's ambitious trade diversification agenda cannot be achieved without supply chain labour stability.

Accelerate regulatory approvals for infrastructure projects

To support supply chain capacity growth and help meet the federal government's goal of doubling non-U.S. exports by 2035, the federal regulatory regimes that govern the approval of infrastructure projects should be reformed to remove duplication, establish clear and focused requirements and associated timelines up front, and mandate faster decision-making by regulators. Experience has shown that regulatory approval processes for federally regulated infrastructure projects can take up to a decade (or longer) to get from proposal to approval. The Canadian economy and its supply chains need a streamlined, outcome-focused regulatory approval process that is stable and predictable. This can be achieved while maintaining the highest environmental standards in the world and providing opportunity for meaningful consultation with the public and Indigenous rights holders.



Other opportunities

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.

Canada must resolve the perennial capacity constraint at the Port of Vancouver where grain terminals do not consistently load grain onto vessels during periods of inclement weather. Options are available to solve the problem safely. CPKC urges the federal government, along with the grain terminal operators, unions, and other stakeholders, to expedite ongoing efforts to remove this significant constraint on Canada's grain export capacity. According to the Port of Vancouver, resolving this bottleneck could increase capacity by about 7 percent.[7]

Extended Interswitching risks the federal government's trade diversification and investment objectives

Extended Interswitching drives trade, jobs, and investment to the U.S. This policy is antithetical to diversifying Canadian trade and creating a regulatory environment that encourages growth and investment. Extended Interswitching 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 trial period or "pilot," as some have suggested. Each time, Extended Interswitching 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. The Honourable David Emerson's 2015 statutory review of the *Canada Transportation Act* validated these concerns and recommended that the policy be sunset.[8] CPKC welcomes and supports fierce competition, but it must be on a level playing field.

Each carload interchanged to a U.S. railway under Extended Interswitching means less work for Canadian railroaders and port workers and less ability to invest in capacity-enhancing infrastructure in Canada. Incentivizing additional handling and touchpoints into rail movements undermines efficiency and capacity.

Extended Interswitching is a harmful regulatory intervention that is not necessary or justifiable. Canada already has among the lowest average rail freight rates anywhere in the world and CPKC achieves that result while delivering the best safety performance in the industry. 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 in 2018 to provide competitive access without the damaging market distortions of cost-based rate regulation.

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

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

Conclusion

As outlined in this report, CPKC is well-positioned to supply the capacity to transport Canada's grain and grain products throughout the duration of the 2026–2027 crop year.

Transporting grain is in this company's DNA, has been for more than a century. CPKC and its team of dedicated railroaders will continue to support the Canadian agriculture sector by offering the safest and most competitive, cost-effective transportation service for customers.

CPKC remains committed to strong collaboration with customers and supply chain participants to understand transportation demand forecasts and to promote alignment and open communication throughout the supply chain.

Customers and other interested stakeholders are encouraged to monitor the grain supply chain's performance during the 2026–2027 crop year by consulting CPKC's Grain Supply Chain Scorecard at cpkcr.com.

Forward-looking statements

This grain report contains certain forward-looking information and forward-looking statements (collectively, "forward-looking statements") within the meaning of applicable securities laws in both the U.S. and Canada. Forward-looking statements include, but are 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 statements may contain statements with words or headings such as "financial expectations", "key assumptions", "anticipate", "believe", "expect", "plan", "will", "outlook", "guidance", "should" or similar words suggesting future outcomes. This grain report contains forward-looking statements relating, but not limited to, CPKC's operations, priorities and plans, expectations surrounding transportation of grain and grain products in 2026, supply of Canadian grain, demand for grain transportation in 2026–2027, capacity to transport Canadian grain, anticipated financial and operational performance, including business prospects, market drivers and outlook, investment in transportation assets, including Wabtec Tier 4 locomotives; planned 2026-2028 capital expenditures, anticipated revenues and the source thereof, programs and strategies (including financing strategies), and our ability to provide safe and cost-effective transportation to our customers. 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.

The forward-looking statements contained in this grain 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: changes in business strategies, North American and global economic growth and conditions; commodity demand growth; sustainable industrial and agricultural production; commodity prices and interest rates; foreign exchange rates; core adjusted 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; the satisfaction by third parties of their obligations to CPKC; and carbon markets, evolving sustainability strategies, and scientific or technological developments. 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.

Undue reliance should not be placed on forward-looking statements as actual results may differ materially from those expressed or implied by forward-looking statements. By their nature, forward-looking statements involve numerous inherent risks and uncertainties that could cause actual results to differ materially from the forward-looking statements, including, but not limited to, the following factors: changes in business strategies and strategic opportunities; general Canadian, U.S., Mexican 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, including competition from other rail carriers, trucking companies and maritime shippers in Canada, the U.S. and Mexico; North American and global economic growth and conditions; industry capacity; shifts in market demand; changes in commodity prices and commodity demand; uncertainty surrounding timing and volumes of commodities being shipped by 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 in 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 CPKC; the focus of management time and attention on the CP-KCS integration 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. These and other factors that could cause actual results to differ materially from those described in the forward-looking statements contained in this grain report are detailed from time to time in reports filed by CPKC with securities regulators in Canada and the United States, which can be accessed on SEDAR+ (www.sedarplus.ca) and EDGAR (www.sec.gov). Reference should be made to "Part I - Item 1A – Risk Factors" and "Part II - Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations – Forward-Looking Statements" in CPKC's annual report on Form 10-K and "Part II – Item 1A – Risk Factors" and "Part I – Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations – Forward-Looking Statements" in CPKC's interim reports on Form 10-Q.

The forward-looking statements contained in this grain report are made as of the date hereof. Except as required by law, CPKC undertakes no obligation to update publicly or otherwise revise any forward-looking statements, or the foregoing assumptions and risks affecting such forward-looking statements, whether as a result of new information, future events or otherwise.

cpkcr.com

CPKC