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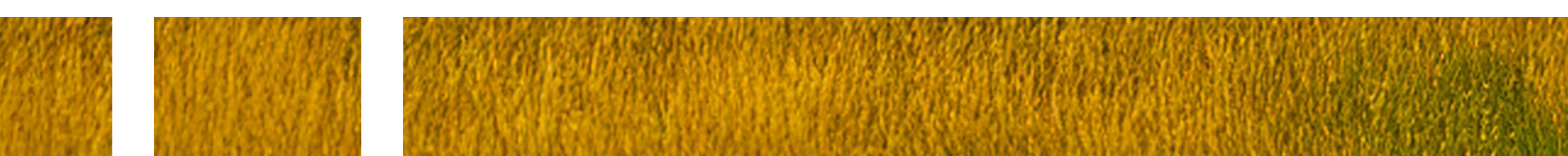


On behalf of Canadian Pacific Kansas City ("CPKC"), I am pleased to present our 2025–2026 Grain Service Outlook Report. This is our eighth annual grain report, and our third since the historic combination of Canadian Pacific ("CP") and Kansas City Southern ("KCS") in April 2023 to create CPKC, the only 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.

Our powerful North American rail 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 is uniquely serving as a land bridge between Canada and Mexico. Canadian export grain traffic destined to Mexico is increasing. We are working with our customers and governments to explore opportunities to grow trade between the two countries. There is significant opportunity to deepen the Canada-Mexico trade relationship.

CPKC is dedicated to Canadian grain. Safely and efficiently transporting Canadian agricultural products for export to global markets is a key part of our franchise, and it always has been. In fact, we have been safely moving Canada's grain since 1881. Grain transportation is in our DNA.

The 2024–2025 crop year was defined by strong service and higher volumes in spite of disruptions and challenges across the grain supply chain. Canadian grain volume transported on the CPKC rail network up to Week 50 is 21 percent higher than the three-year average and 8 percent higher than the five-year average. CPKC moved nearly 27 million metric tonnes ("MMT") of Canadian grain and grain products up to Week 50, 14 percent higher than the previous crop year-to-date, despite labour disruptions impacting our railway network and the broader grain supply chain last summer and fall, tariff uncertainty, and three consecutive weeks of extreme cold temperatures this past February that required speed and length restrictions on our network.

CPKC has invested substantially in grain transportation capacity. Following our more than $500 million purchase of 5,900 high-capacity, Canadian-made hopper cars, approximately 90 percent of our network-wide fleet is now high-capacity. To illustrate the magnitude of the CPKC capacity increase, we are prepared in the coming crop year to supply the capacity to transport approximately one third more grain than we transported during the 2013–2014 bumper crop year.

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 in Canada and are expected to enhance fuel economy, improve service reliability, and reduce emissions.

We are 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 2025–2026. Based on current forecasts, we expect typical demand for grain transportation this year.

CPKC is strongly committed to our Canadian agriculture customers. We look forward to safely transporting Canada's grain crop once again in the 2025–2026 crop year.

Respectfully,

Keith Creel

President and Chief Executive Officer

This report outlines CPKC's commitment to delivering day-in and day-out for grain customers. With dedicated trains and dedicated people, CPKC offers the safest, most competitive, resilient, and cost-effective transportation service in the industry. CPKC is focused on driving further safety and efficiency improvements in the upcoming crop year. Key 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 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.
- On June 20, 2025, Agriculture and Agri-Food Canada ("AAFC") estimated the total size of the upcoming crop to be approximately 94 MMT, with a crop in Western Canada of approximately 70 MMT. Grain customer estimates currently suggest an average of approximately 73 MMT for Western Canada.
- 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. Large variability in grain transportation impacts the supply chains of other commodities.
- Based on CPKC's understanding of current customer forecasts, and subject to market demand, 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, 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 34 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 expects to conclude the 2024–2025 crop year having transported in excess of 27 MMT of Canadian grain and grain products, despite multiple supply chain labour disruptions, tariff uncertainty, and nearly double the number of days when safety-critical train length and speed restrictions were required this past winter compared to Winter 2023–2024. This will be the highest volume transported since the 2020–2021 crop year, when CP broke its all-time, single-year volume record.
- CPKC continues to invest in the people, equipment, and infrastructure needed to move Canadian grain and grain products. In addition to CPKC's more than $500 million investment in high-capacity hopper cars, 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. Combined with robust hiring, efficient operational solutions, and other network investments, CPKC is delivering significant capacity gains for Canada's grain supply chain.
- The federal government can help enhance Canada's grain supply chain 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.

CPKC is pleased to submit its 2025–2026 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 move grain during the upcoming 2025–2026 crop year, considering the total volume of grain expected to be moved.

Part 1 looks forward to the 2025–2026 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 summarizes the past 2024–2025 crop year, including CPKC's strong performance transporting Canada's grain and grain products to market despite many challenges, such as trade policy tensions, labour disruptions, and weeks of extreme cold temperatures in February that required train speed and length restrictions for extended periods.

Part 3 outlines CPKC's industry-leading safety record. It also reviews CPKC's hiring and capital investments, which continue supporting Canadian grain exports.

Part 4 highlights opportunities to improve grain supply chain capacity and reliability, and diversify Canadian trade.

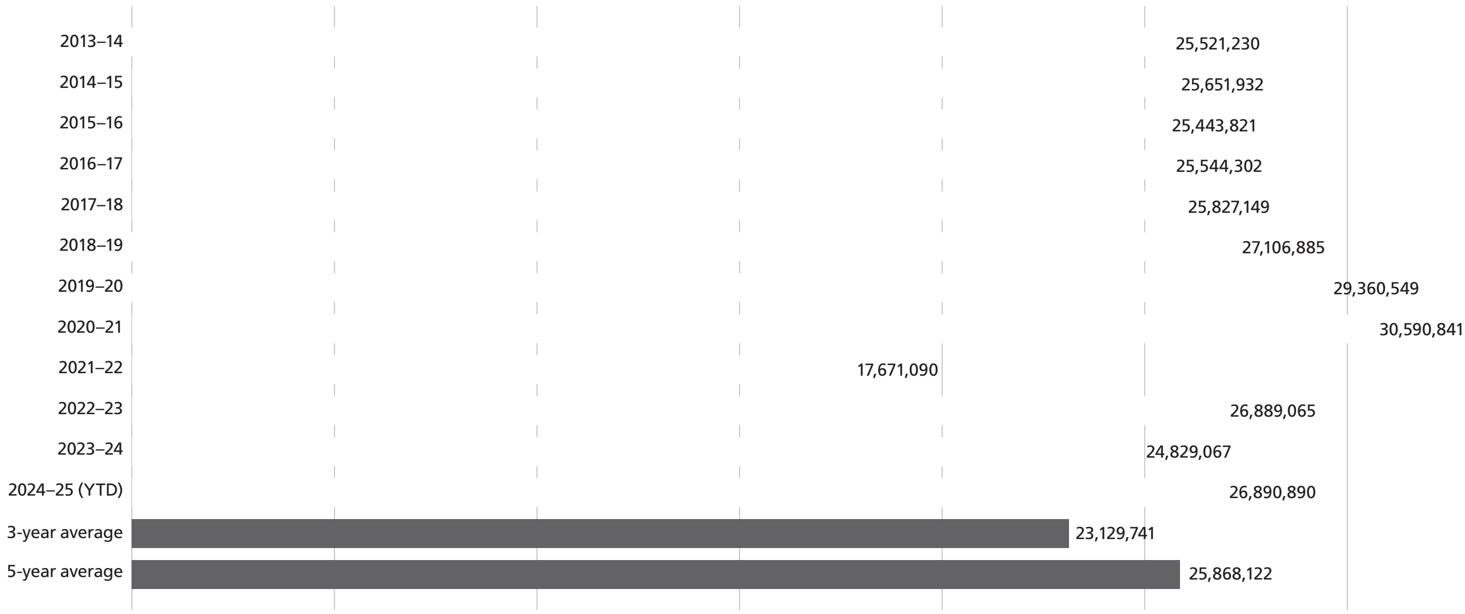
On June 20, 2025, AAFC projected a Canada-wide crop of 93.9 MMT.[1] This equates to a crop of approximately 70 MMT for Western Canada, slightly lower than the previous crop year. AAFC highlights the risk of potential drought due to lower-than-normal precipitation and above normal temperatures across portions of Western Canada in May. Other areas, such as portions of Saskatchewan, received higher than normal precipitation. AAFC projects carry-out stocks (ending year inventories from the current crop year) to be down about 20 percent year-over-year due to "brisk grain movements" in 2024–2025 driven by higher farmer deliveries, exports, and domestic disappearance. CPKC customers are currently projecting, on average, a Western Canada crop of approximately 73 MMT. Excluding the drought of 2021, the five-year historical average for Western Canada's crop is 74 MMT.

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 the five-year 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.*

Based on current customer forecasts, CPKC anticipates typical demand for Canadian grain transportation in 2025–2026.

FIGURE 1: CPKC CANADIAN GRAIN AND GRAIN PRODUCTS VOLUME TRANSPORTED



Note: Crop year 2024–2025 shows volumes Year-to-Date ("YTD") up to and including Week 50.

CPKC is resourcing the railway to provide the capacity to transport Canada's grain crop throughout the 2025–2026 crop year. Considering 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. CPKC is planning to supply the capacity required to move up to 525,000 MT of grain and grain products each week on average during the winter period through Grain Service Weeks 24-34 (January 11 to March 28) when the Port of Thunder Bay is closed, subject to market demand. If the grain supply chain uses this available weekly capacity effectively, then CPKC expects to supply the capacity to move up to 34 MMT of Canadian grain and grain products during the 2025–2026 crop year, subject to market demand.

The Port of Thunder Bay is a major 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 13, while the average opening is March 26.[2]

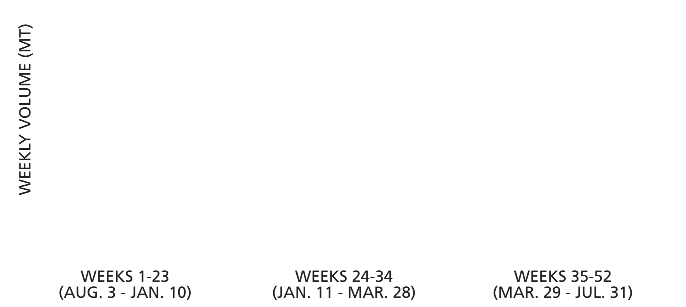
CPKC's operational plan and supply targets are calibrated to the available capacity throughout the entire supply chain. This includes the capacity available at in-country elevators and port terminals and other facilities (e.g., canola crush and

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

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.

FIGURE 2: CPKC 2025–2026 CROP YEAR SUPPLY TARGETS FOR CANADIAN GRAIN AND GRAIN PRODUCTS TRANSPORTATION



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 that are either announced, underway, or in production. For example, Cargill's new crush facility in Regina is expected to be online later in 2025 and Louis Dreyfus' Yorkton crush expansion is expected to be completed in early 2026.

Notwithstanding the uncertain trade and tariff environment, CPKC expects these developments in the canola oil 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. While the trade flows will likely fluctuate from historical patterns, CPKC is in regular contact with customers to understand these changing trade flows and calibrate resource planning.

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, often through presentations and sponsorships. The railway 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.

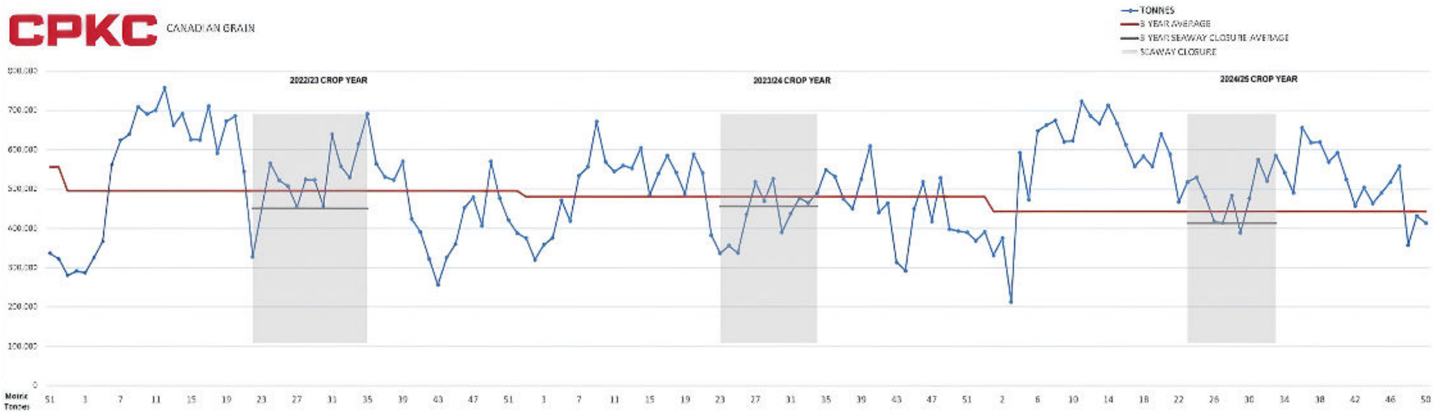
Customer Service: Customers can reach CPKC representatives at the Network Service Centre, day or night, via toll-free telephone (1-888-333-8111), email, or online messaging ("log an issue" feature).

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.

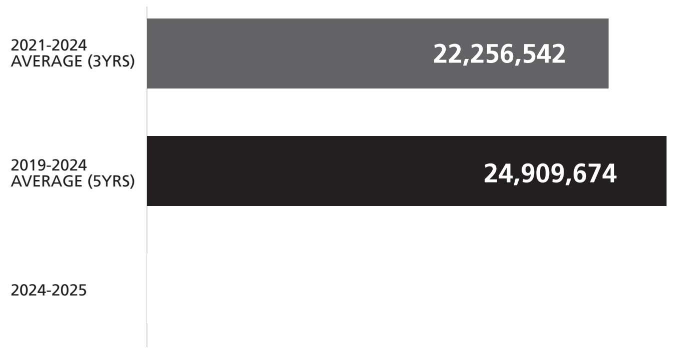
CPKC publishes a weekly grain supply chain scorecard on its website at cpkcr.com. The scorecard outlines CPKC's performance for the previous week and provides relevant information on any internal or external factors affecting transportation across the grain supply chain.

FIGURE 3: CPKC WEEKLY GRAIN SUPPLY CHAIN SCORECARD



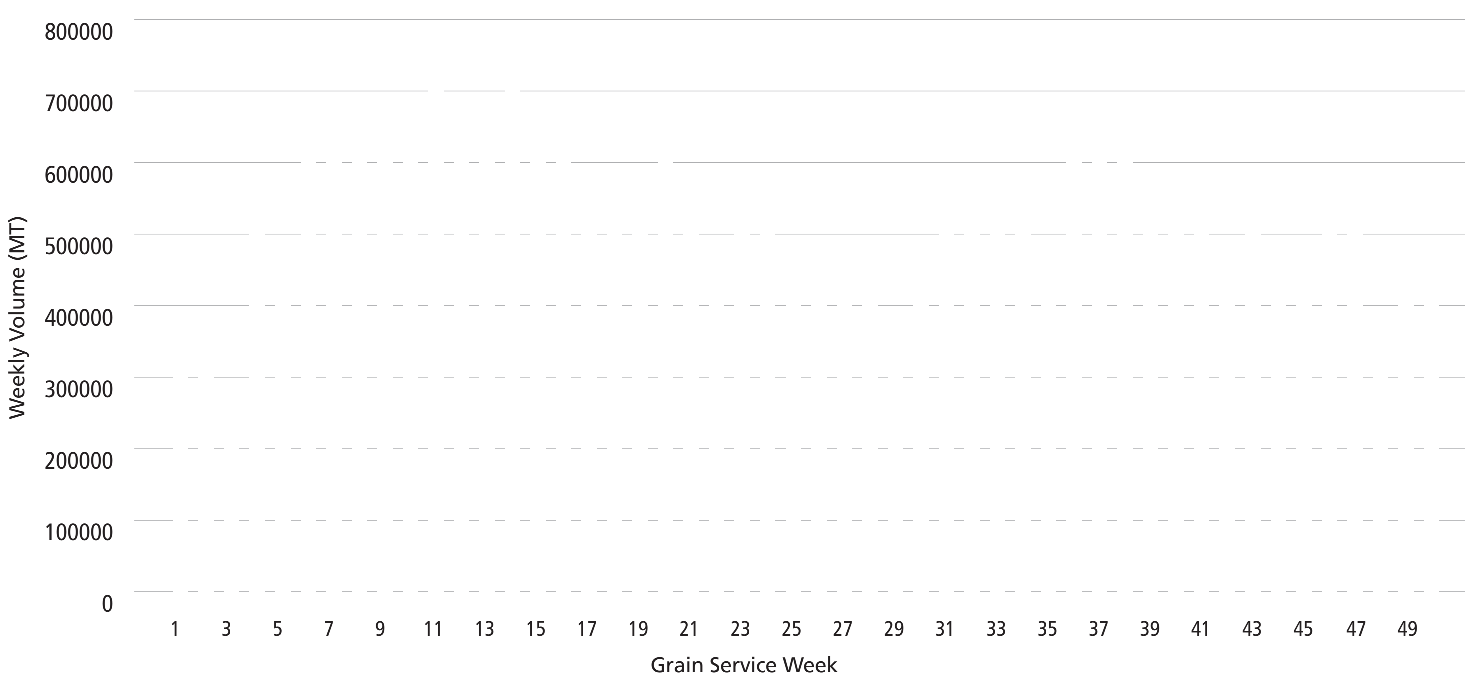
The 2024–2025 crop year was characterized by strong service despite numerous challenges such as supply chain labour disruptions, tariff uncertainty, and extreme, prolonged cold temperatures during the winter, which forced the frequent and extended implementation of train speed and length restrictions to maintain safety. Subject to customer demand, CPKC expects to conclude the 2024–2025 crop year having transported in excess of 27 MMT of Canadian grain and grain products. As of Week 50, overall volume transported is 14 percent higher than the 2023–2024 crop year-to-date total. Comparing crop-year-to-date averages for the trailing three and five crop years, volume transported in 2024–2025 up to Week 50 is 21 percent and 8 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 so that they are positioned 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 4: VOLUME TRANSPORTED VS. TRAILING 3 AND 5 YEAR AVERAGES (CROP YEAR 2024–2025)



Note: All volumes are Crop YTD up to and including Week 50.

FIGURE 5: GRAIN VOLUME TRANSPORTED BY WEEK (CROP YEAR 2024–2025)



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.

Persistent, extreme cold temperatures across Western Canada in February 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 6: NUMBER OF DAYS WITH RESTRICTIONS
JAN/FEB 2024 VS. JAN/FEB 2025

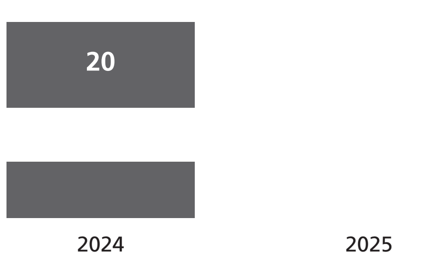
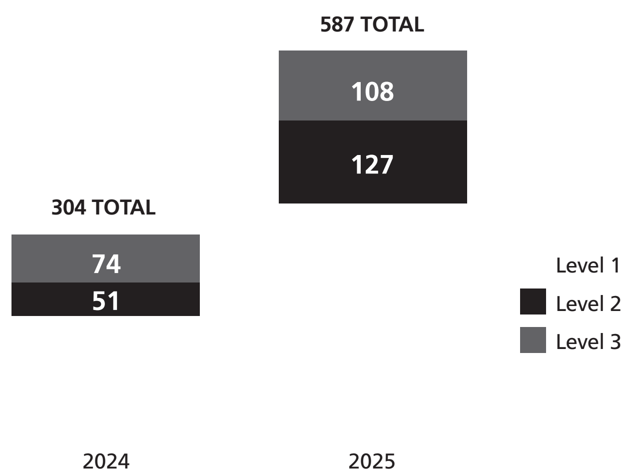


FIGURE 7: NUMBER OF RESTRICTIONS BY LEVEL
JAN/FEB 2024 VS. JAN/FEB 2025



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.

The combined CPKC rail network has expanded routing and market optionality across North America for its grain 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 is critical. Facilitative government policy can help enable new outlet opportunities for Canadian grain shippers.

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.

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.

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 in the event 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 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.

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.

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.

Cargill Elva is the winner of CPKC's 2023–2024 Canadian Elevator of the Year award. A first-time winner of this award, Cargill Elva in Melita, Manitoba, safely and efficiently loaded more than 450,000 MT of grain in the 2023–2024 crop year. Cargill is a valued customer, and CPKC is pleased to recognize their impressive grain loading achievements at the Melita facility. CPKC will announce the Elevator of the Year Award for the 2024–2025 crop year in Fall 2025.

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 precision scheduled railroading 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 8: CPKC VS. CLASS 1 AVERAGE FRA TRAIN ACCIDENT FREQUENCY (PER MILLION TRAIN MILES)

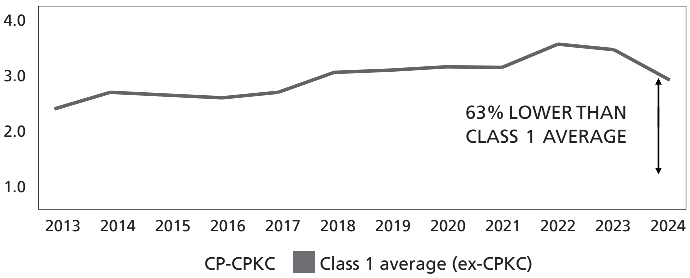
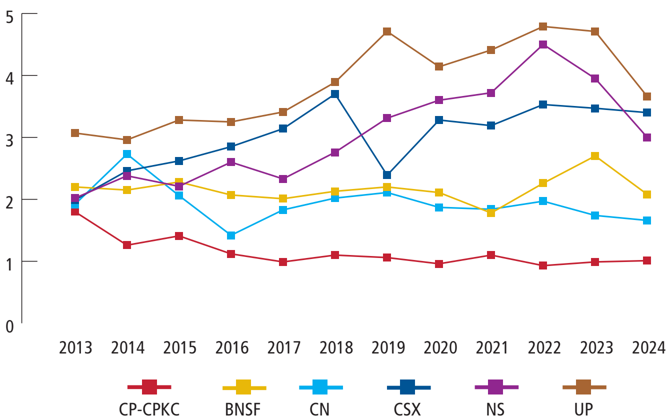
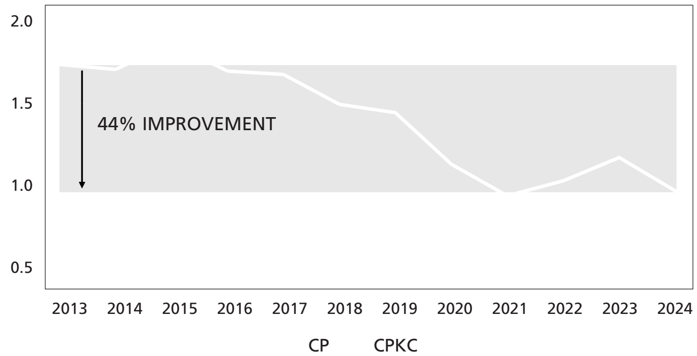


FIGURE 9: FRA-REPORTABLE TRAIN ACCIDENT FREQUENCY (PER MILLION TRAIN MILES)



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



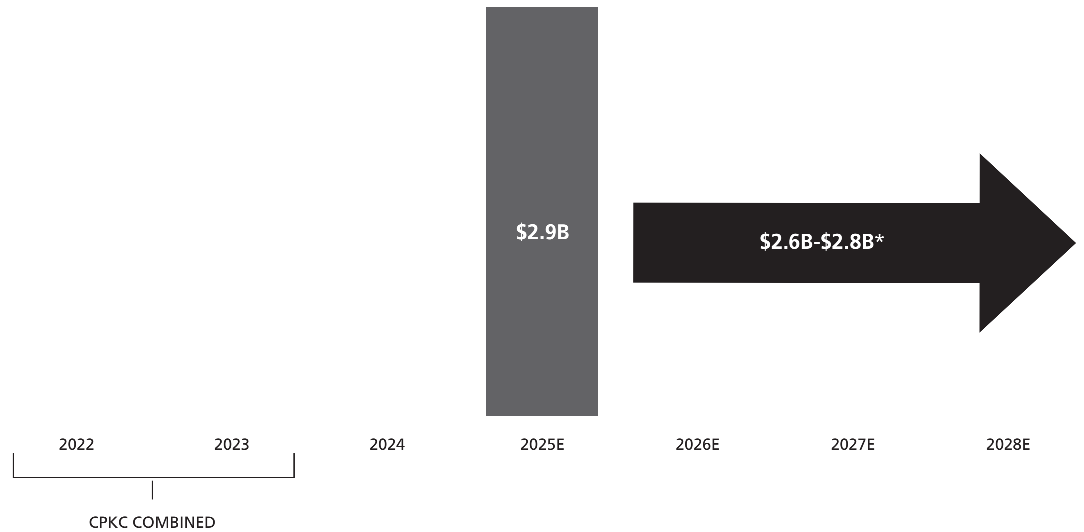
Note: For Figures 8-10, FRA statistics for 2023 reflect CP and KCS results on a combined basis, as if CP's acquisition of KCS occurred on January 1, 2023. CP and KCS officially combined on April 14, 2023.

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.

CPKC has approximately 20,000 employees across its North American network, with half located in Canada. In 2024, 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.

CPKC continued to invest significantly in 2024, with CDN $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 11: 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

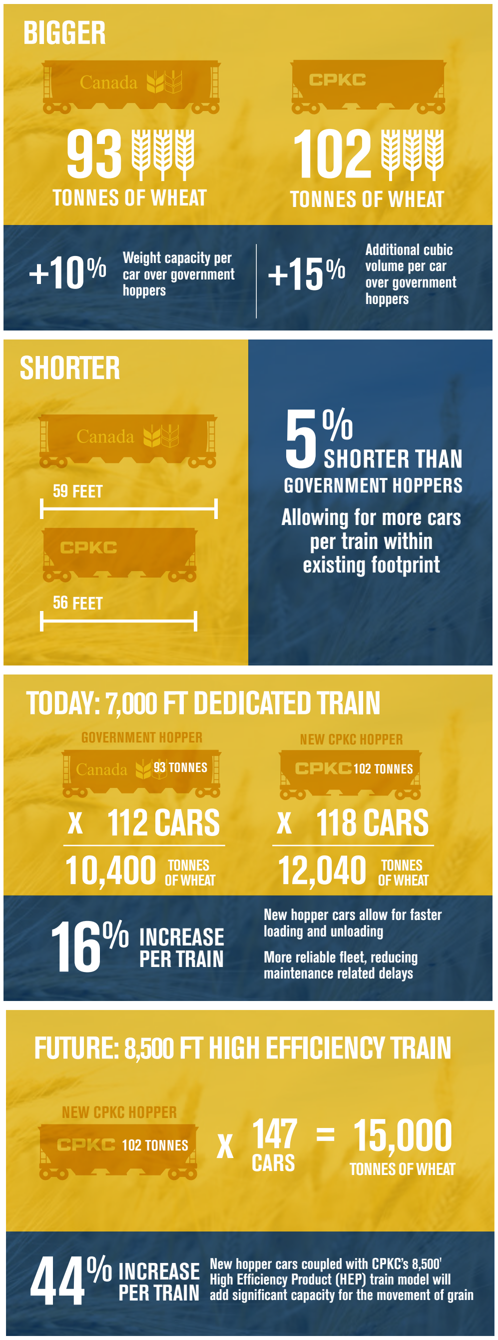
Investment in 100 new locomotives

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.

CPKC's fleet of grain hopper cars has grown substantially in recent years. CPKC has invested more than $500 million to purchase 5,900 Canadian-made, high-capacity grain hopper cars and 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.

These new 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 12: BENEFITS OF CPKC'S HOPPER CAR INVESTMENT

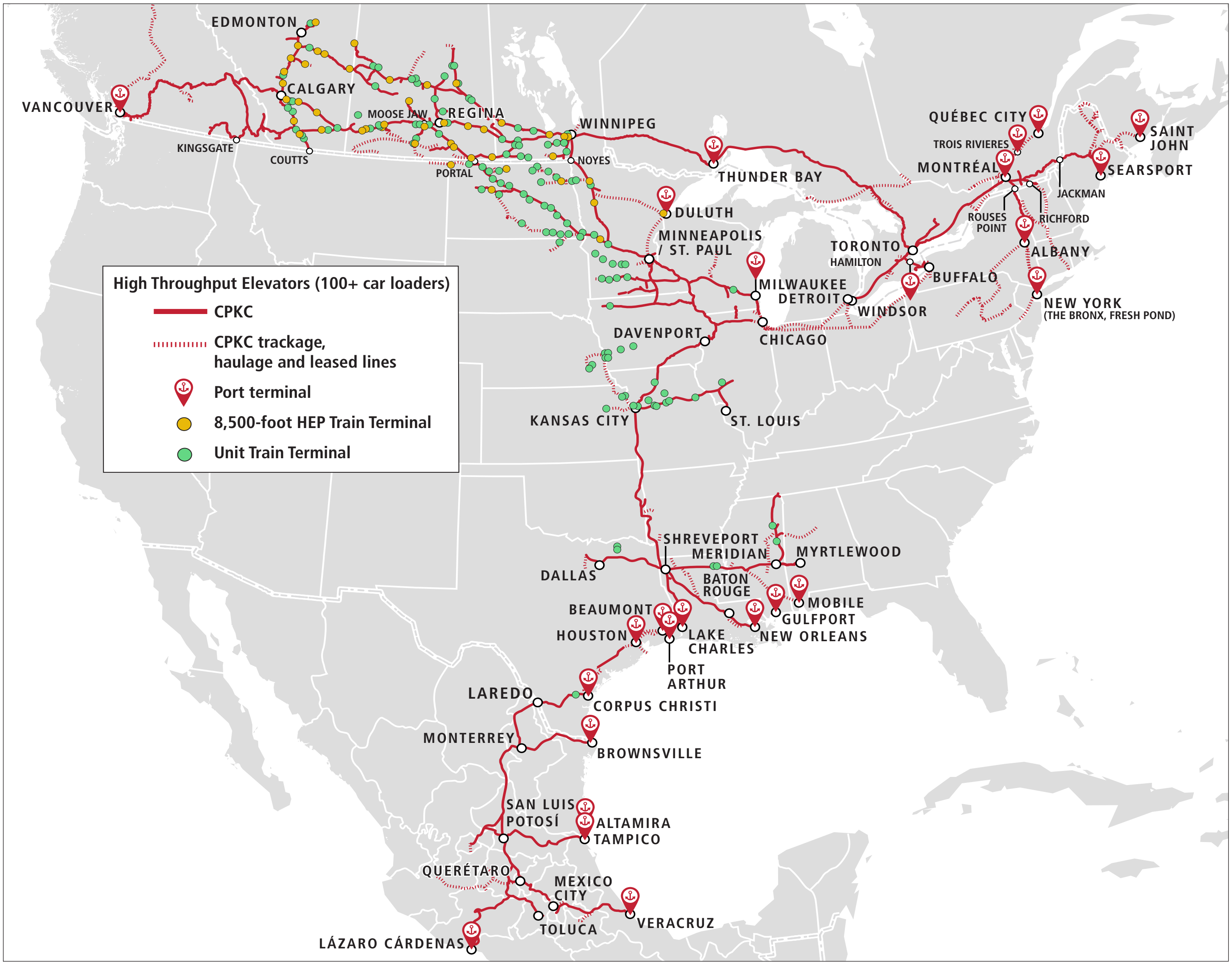


In collaboration with customers, CPKC's 8,500-foot HEP train model is continuing to help transform the Canadian grain landscape. By keeping the train intact at an elevator, there is smooth and efficient loading of the cars at origin. There are incentives in place for elevators to load 8,500-foot trains 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-foot HEP-qualified ladder-track style elevators incorporate a long lead capable of handling this train.

CPKC's HEP model generates significant 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-foot HEP trains compared to six with the historical train model.

Expansion of the 8,500-foot model continues across CPKC's network, with additional growth expected through 2026.

FIGURE 13: CPKC'S GRAIN ELEVATOR NETWORK



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

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

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.

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. [3] 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 world [4] 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.

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.[5]

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.

[3] *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.*

[4] *CPCS, International Comparison of Railway Freight Rates, January 31, 2023. Available online at https://www.railcan.ca/wp-content/uploads/2023/02/International-Comparison-of-Railway-Freight-Rates.pdf.*

[5] *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.*

CPKC is well-positioned to supply the transportation capacity to move Canada's grain and grain products throughout the duration of the 2025–2026 crop year.

This company is proud of its history as a railway that has always had Canadian agricultural products at the core of its franchise. CPKC's team of railroaders is dedicated to transporting Canada's grain, as they have been throughout Canadian history. CPKC will continue to support the Canadian agriculture sector by offering the safest and most competitive, cost-effective transportation service for customers.

CPKC will continue working with grain customers to understand their transportation demand forecasts and to promote alignment and open communication throughout the supply chain. It is through strong collaboration with customers and other supply chain players in a commercial context that the Canadian grain supply chain succeeds.

Customers and other interested stakeholders are encouraged to monitor the grain supply chain's performance during the 2025–2026 crop year by consulting CPKC's Grain Supply Chain Scorecard at cpkcr.com.

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, capacity to transport Canadian grain, anticipated financial and operational performance, including business prospects, market drivers and outlook, investment in transportation assets, planned capital expenditures, anticipated revenues and the source thereof, programs and strategies (including financing strategies). This forward-looking information also includes, but is not limited to, statements concerning expectations, beliefs, plans, goals, 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.

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 in agricultural production such as weather conditions and insect populations; the availability and price of energy commodities; the effects of competition and pricing pressures; industry capacity; shifts in market demand; changes in commodity prices and commodity demand; uncertainty surrounding timing and volumes of commodities being shipped; inflation; geopolitical instability; changes in laws, regulations and government policies, including regulation of rates; changes in taxes and tax rates; potential increases in maintenance and operating costs; changes in fuel prices; uncertainties of investigations, proceedings or other types of claims and litigation; 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; currency and interest rate fluctuations; exchange rates; effects of changes in market conditions and discount rates on the financial position of pension plans, including long-term floating rate notes 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 response to climate change; the adverse effects of climate change on our business, investors, customers, suppliers and counterparts; various events that could disrupt operations, including severe weather, such as droughts, floods, avalanches, volcanism and earthquakes and wildfires, 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; and the outbreak of a pandemic or contagious disease and resulting effects on economic conditions, the demand environment for logistics requirements and energy prices, restrictions imposed by public health authorities or governments, fiscal and monetary policy responses by governments and financial institutions, and disruptions to global supply chains; the quality and accuracy of information provided to us by third parties; the realization of anticipated benefits and synergies of the CP and 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; other disruptions arising from the CP-KCS transaction; 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 management of CPKC to execute key priorities, including those in connection with the CP-KCS transaction, among other things.

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

Forward-looking information is based on current expectations, estimates and projections and it is possible that predictions, forecasts, projections, and other forms of forward-looking information will not be achieved by CPKC. 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.