



## CILTNA Spring Outlook: CP – Resilience in Supply Chains

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# Forward-looking Information

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

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

With respect to the pending KCS business combination, we can provide no assurance when or if the combination will be completed. Completion of the combination is subject to the receipt of final approval from the STB of the CP-KCS control application by December 31, 2023. There can be no assurance of receipt of this final approval by December 31, 2023 or, if received, the successful integration of KCS.

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.

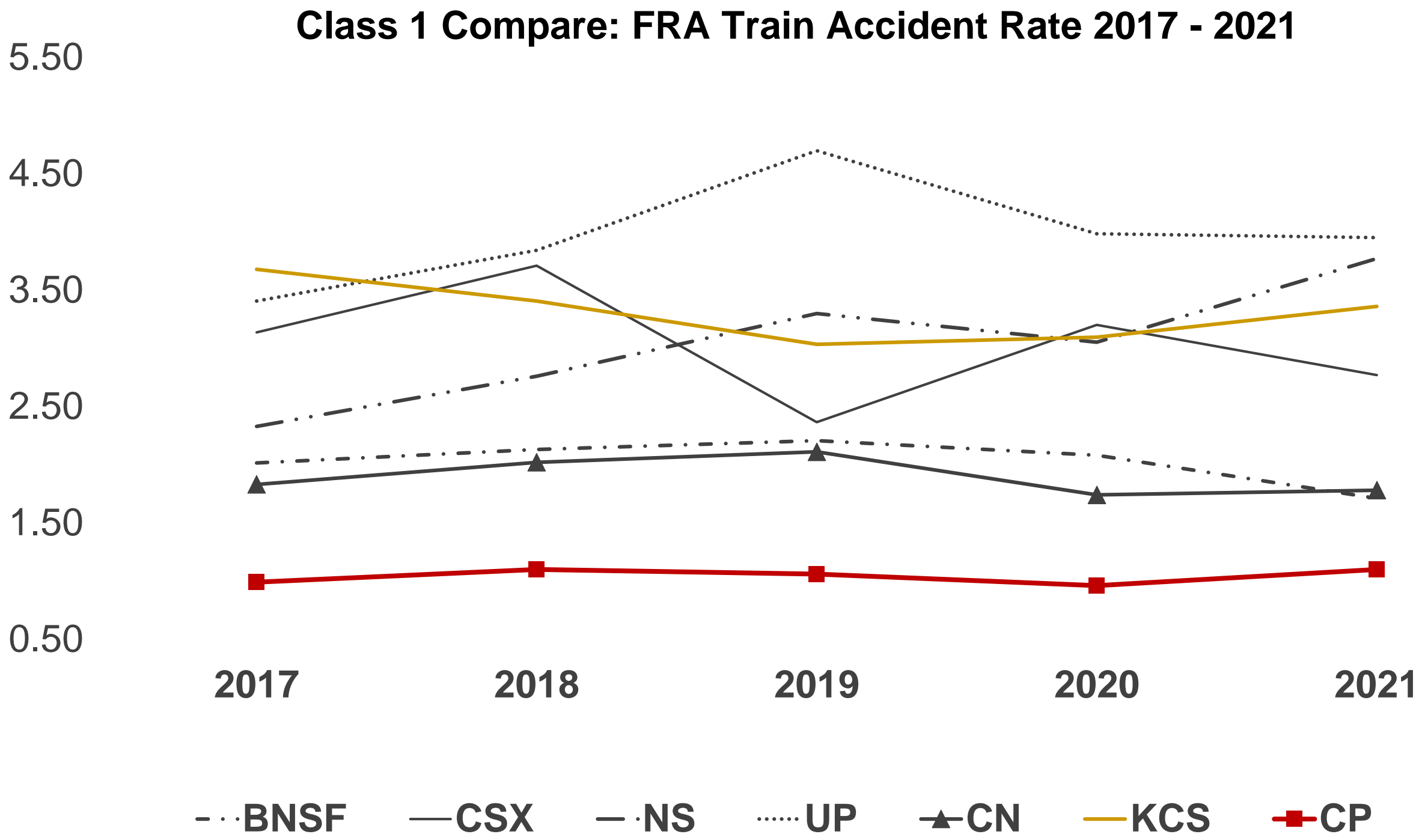
By its nature, CP's forward-looking information involves numerous assumptions, inherent risks and uncertainties that could cause actual results to differ materially from the forward-looking information, including but not limited to the following factors: changes in business strategies; general North American and global economic, credit and business conditions; risks in agricultural production such as weather conditions and insect populations; the availability and price of energy commodities; the effects of competition and pricing pressures; industry capacity; shifts in market demand; changes in commodity prices; inflation; changes in laws, regulations and government policies, including regulation of rates; changes in taxes and tax rates; potential increases in maintenance and operating costs; changes in fuel prices; uncertainties of investigations, proceedings or other types of claims and litigation; labour disputes; risks and liabilities arising from derailments; transportation of dangerous goods; timing of completion of capital and maintenance projects; currency and interest rate fluctuations; effects of changes in market conditions and discount rates on the financial position of pension plans, including long-term floating rate notes and investments; climate change; various events that could disrupt operations, including severe weather, droughts, floods, avalanches and earthquakes as well as security threats and governmental response to them, and technological changes, and the pandemic created by the outbreak of the novel strain of Coronavirus and its variants (and the disease known as COVID-19) and resulting effects on economic

conditions, the demand environment for logistics requirements and energy prices, restrictions imposed by public health authorities or governments, fiscal and monetary policy responses by governments and financial institutions, and disruptions to global supply chains.

The foregoing list of factors is not exhaustive. These and other factors are detailed from time to time in reports filed by CP 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 CP'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 CP. Except as required by law, CP undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events or otherwise.

# CP – A Safety Leader

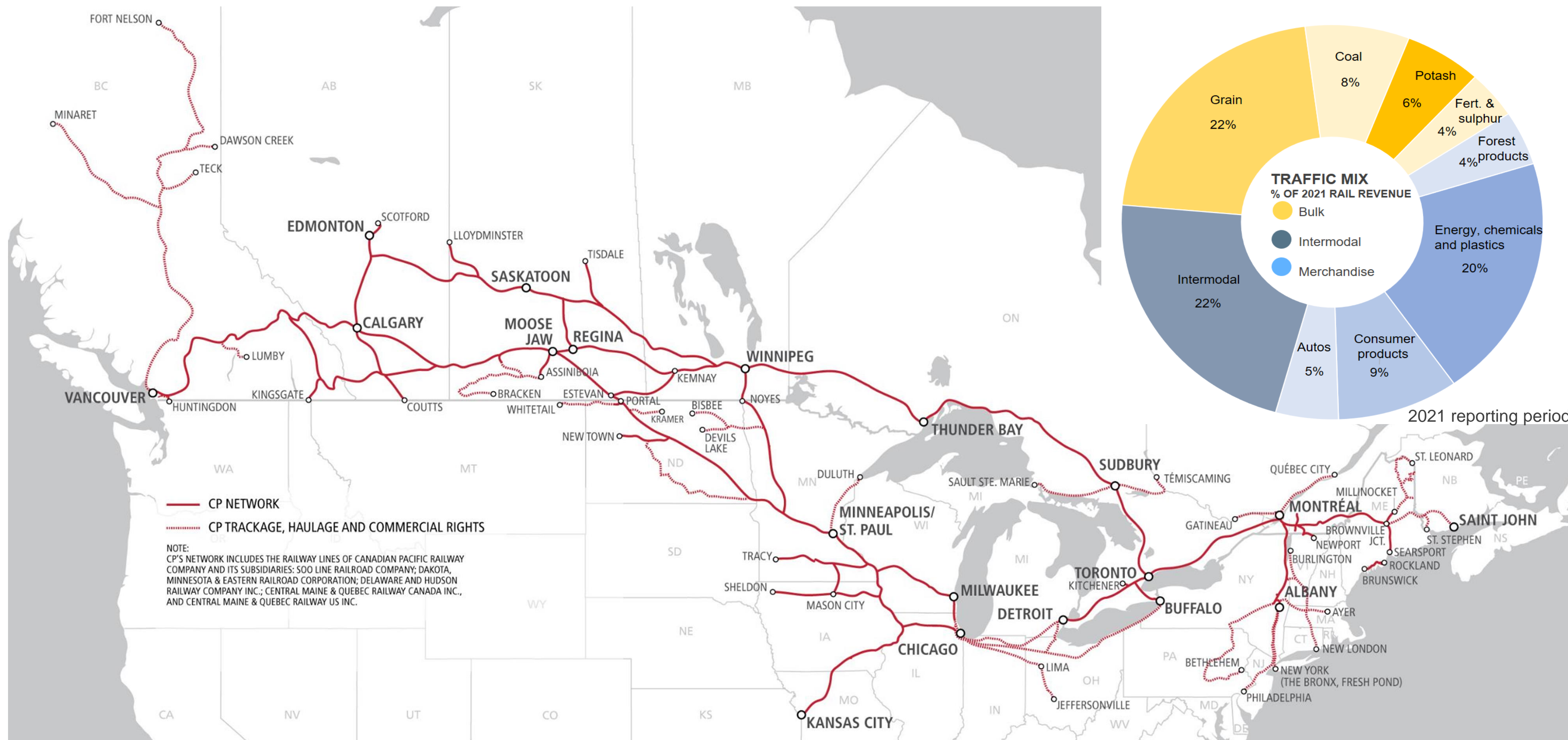


**CP HAS BEEN THE SAFEST CLASS 1 RAILROAD – WITH THE LOWEST TRAIN ACCIDENT FREQUENCY FOR 16 CONSECUTIVE YEARS<sup>1</sup>.**

<sup>1</sup>Federal Railroad Administration (FRA) Accident Rate: Accidents per million train-miles.



# CP Network Overview



**OUR  
NETWORK**

**13,000 MILES**  
RAIL NETWORK

**853 MILES**  
AVERAGE LENGTH OF  
HAUL

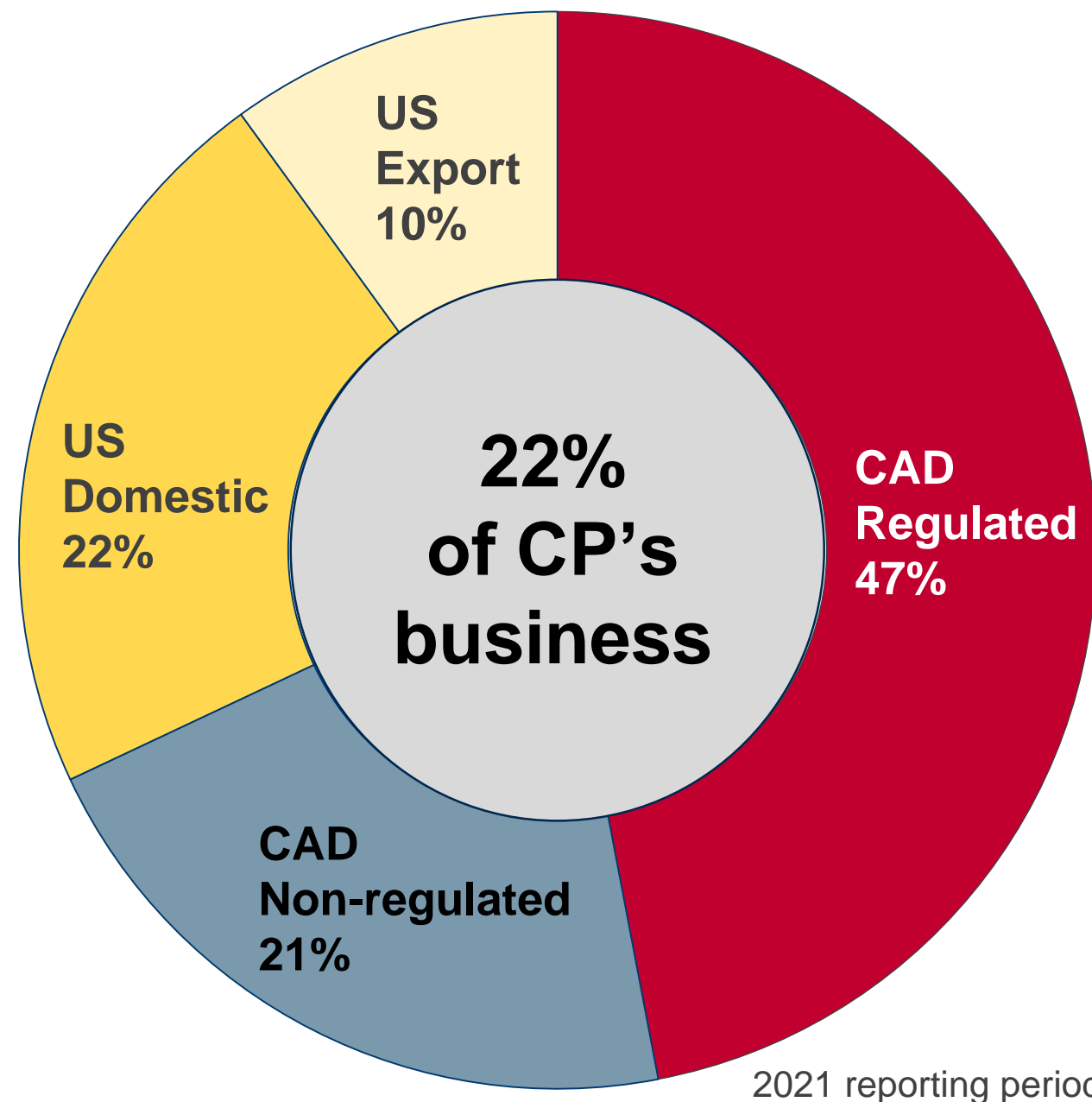
**100+**  
TRANSLOAD FACILITIES

**SHORTEST  
ROUTES**  
IN KEY LANES

- Competitive access to key markets in Canada and the U.S.
- Access to major ports on West and East Coasts; CMQ acquisition opens up Saint John.
- Shortest routes in key lanes including Vancouver to the U.S. Midwest, Chicago and Detroit, and Toronto to Calgary.
- Flagship transcontinental service provides fastest and most consistent service between Vancouver, Calgary and Eastern Canada.
- Connections with Class 1 railroads and short line partnerships extend the reach of our rail service.



# Grain



## DEDICATED TO ENHANCING THE GRAIN SUPPLY CHAIN

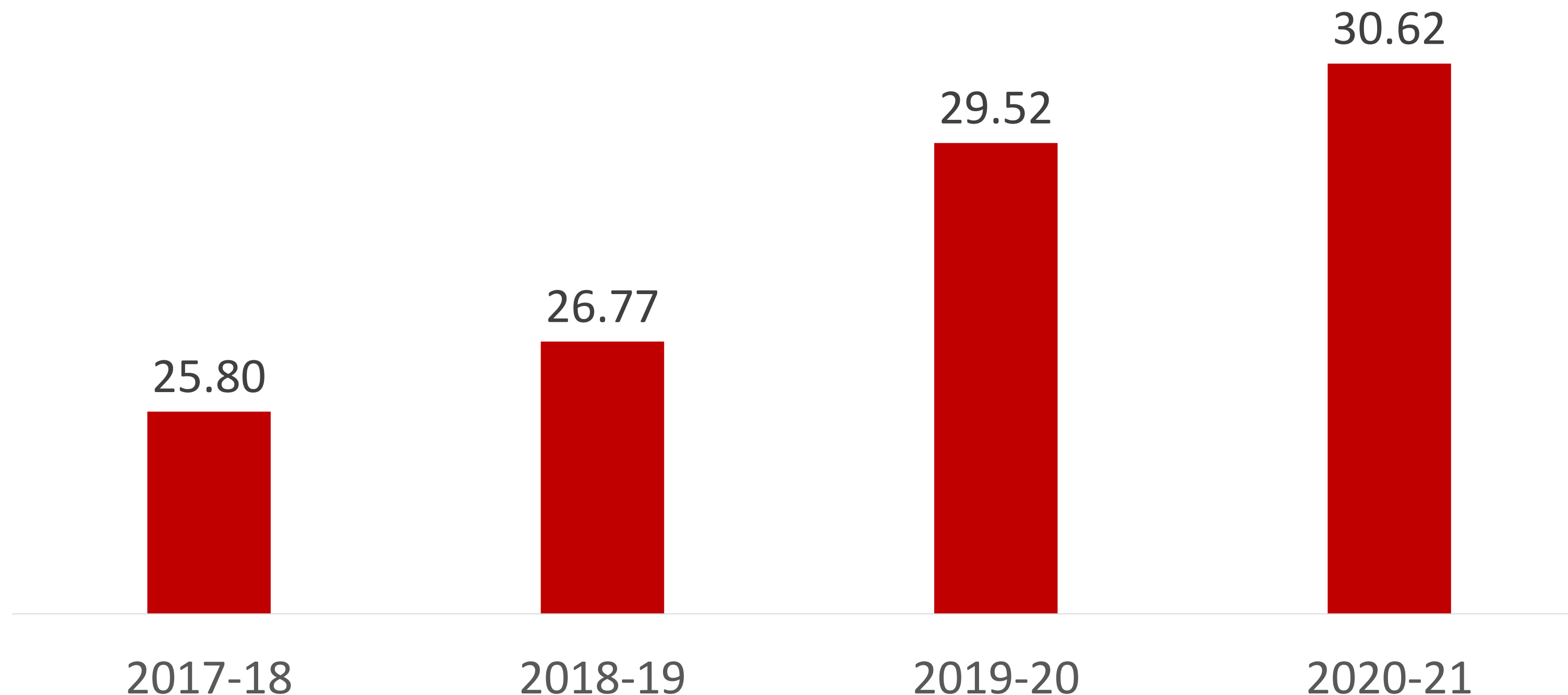
- CP serves 89 high-throughput elevators in Canada and 47 in the U.S.
- 51% of western Canadian grain elevator capacity is on CP

- CP's largest line of business.
- Unique grain portfolio - diverse commodities and large origination networks in both Canada and U.S.
- Industry-leading service keeps grain flowing to CP served elevators.
- Partnerships with grain companies attract elevator investments to CP's network.
- CP is working with industry partners to increase throughput and drive efficiencies across the entire grain supply chain.

# Record Grain Performance

- In each of the past four crop years, CP transported more Canadian grain and grain products than ever before in our history.
- These record-breaking volumes have been made possible due to a focus on innovation and strong investment in capacity building assets and infrastructure.
- These records would not be possible without strong collaboration with our customers.

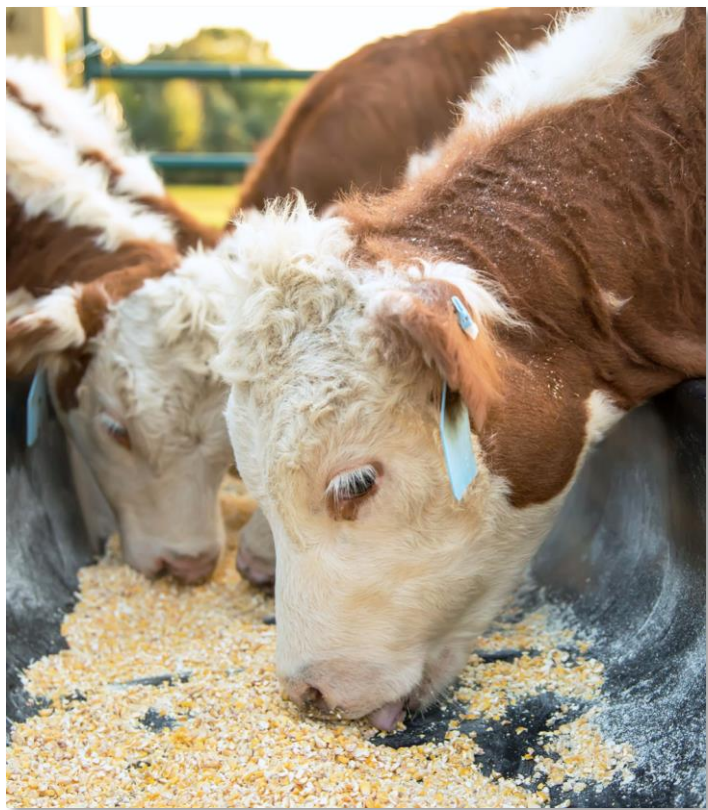
CP Western Canada Grain Volume (MMT) by Crop Year





# 2021- 2022 Crop Year

Persistent dry conditions and above-average temperatures across the Canadian Prairies last summer severely impacted grain crop production. CP’s Western Canadian grain volumes are down 41.6 percent or 9.7 MMT, through Week 38, compared to the previous crop year.



## Resiliency: Responsiveness

- CP is moving record volumes of dry distillers grain (DDG) products and corn from the U.S. into Canada, in response to surging demand for cattle feed, particularly in Alberta.
- CP has been recognized by the Alberta and federal governments, several industry feeder associations, and customers for its efforts to alleviate the shortage of cattle feed in the province.

U.S. origins to WCDA	Corn	DDGs
Crop Year	MTs	MTs
2020-21 (last year)	79,576	84,273
2021-22 (current)	2,655,166	414,659
Volume Change	2,575,590	330,386
Percent Change	3,236%	392%



# 8,500' High Efficiency Product (HEP) Train

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- CP's 8,500-foot High Efficiency Product (HEP) train model continues to gain significant traction with CP customers.
- 40 percent of CP's origin network today are 8,500-foot facilities.
- CP is working with our customers to upgrade the balance of our network to the 8,500-foot model.
- **RESULT:** Significant capacity lift for the industry due to train length and efficiency of the model.





# Investing in the Grain Supply Chain

CP's \$500 Million Investment in New High-Capacity Grain Hoppers

- Substantial benefits for CP, customers, farmers, and supply chain partners.
  - ✓ **Capacity** - new high-capacity cars are bigger and shorter, allowing more grain to be shipped on each train.
  - ✓ **Efficiency** – modern hoppers allow for faster loading and unloading.
  - ✓ **Reliability** – new cars will be more reliable, reducing maintenance-related delays and bad orders.
- 5,900+ car acquisition in total over 4 years.
- Over 6,200 total CP owned at leased new generation (5,400+cubic capacity) in active service.
- Shippers are loading on average 3 MT more per car since the start of the new hopper car program.

MORE GRAIN  
PER CAR



93 tonnes of wheat



102 tonnes of wheat

10%  
more  
by  
weight

MORE CARS  
PER TRAIN



59 feet



56 feet

5%  
shorter

MORE GRAIN  
PER TRAIN



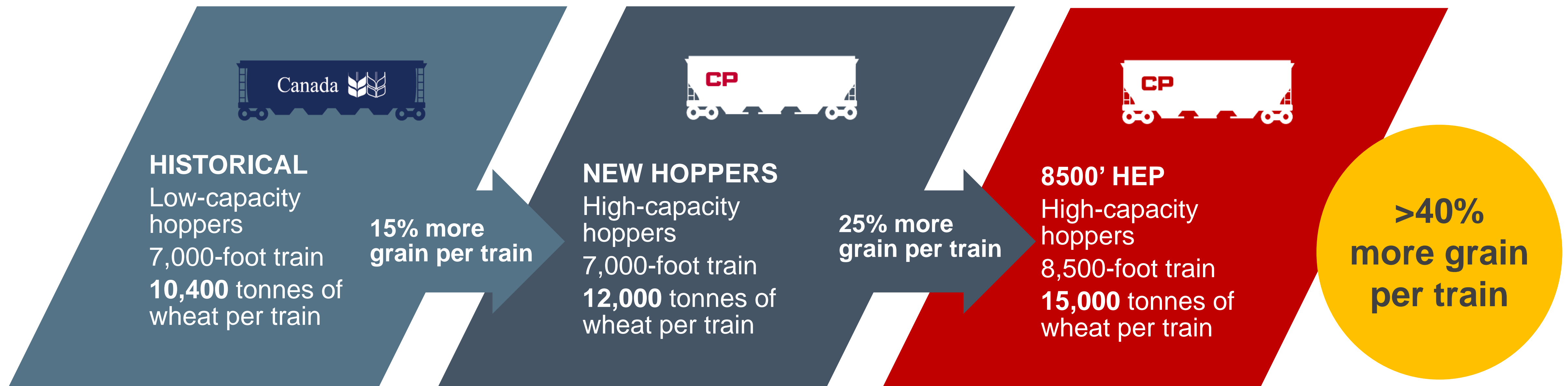
vs today's 7,000-foot dedicated train  
model



44%  
more  
grain



# The future of the grain supply chain – resiliency!





# Building resiliency

**July - Aug:**  
Drought in  
Western Canada



**June – Sept.:**  
Wildfires in B.C.



**Nov.:**  
Flooding &  
landslides in BC



**Feb.:**  
Record setting cold  
in the Canadian  
Prairies



**May:**  
Manitoba  
flooding



Emerson Sub MP 62.3 (May 3)



North of Emerson MP 61.6 after track lift (May 4)



# 2021 BC Flooding & Landslides

## Thompson Subdivision – MP 120.5 – East end of North Bend Yard



After washout



After repair

Washout & Derailment  
500' long by 200' deep,  
empty grain cars on  
storage tracks impacted.





# CP's Aggressive Hiring Plan – Building Resiliency

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- CP is executing an aggressive hiring plan in Canada for 2022:
  - ✓ 1,100 Conductors
    - 370 have been hired and are now in training.
  - ✓ 400 Engineering Services personnel
    - 165 have been hired in training.



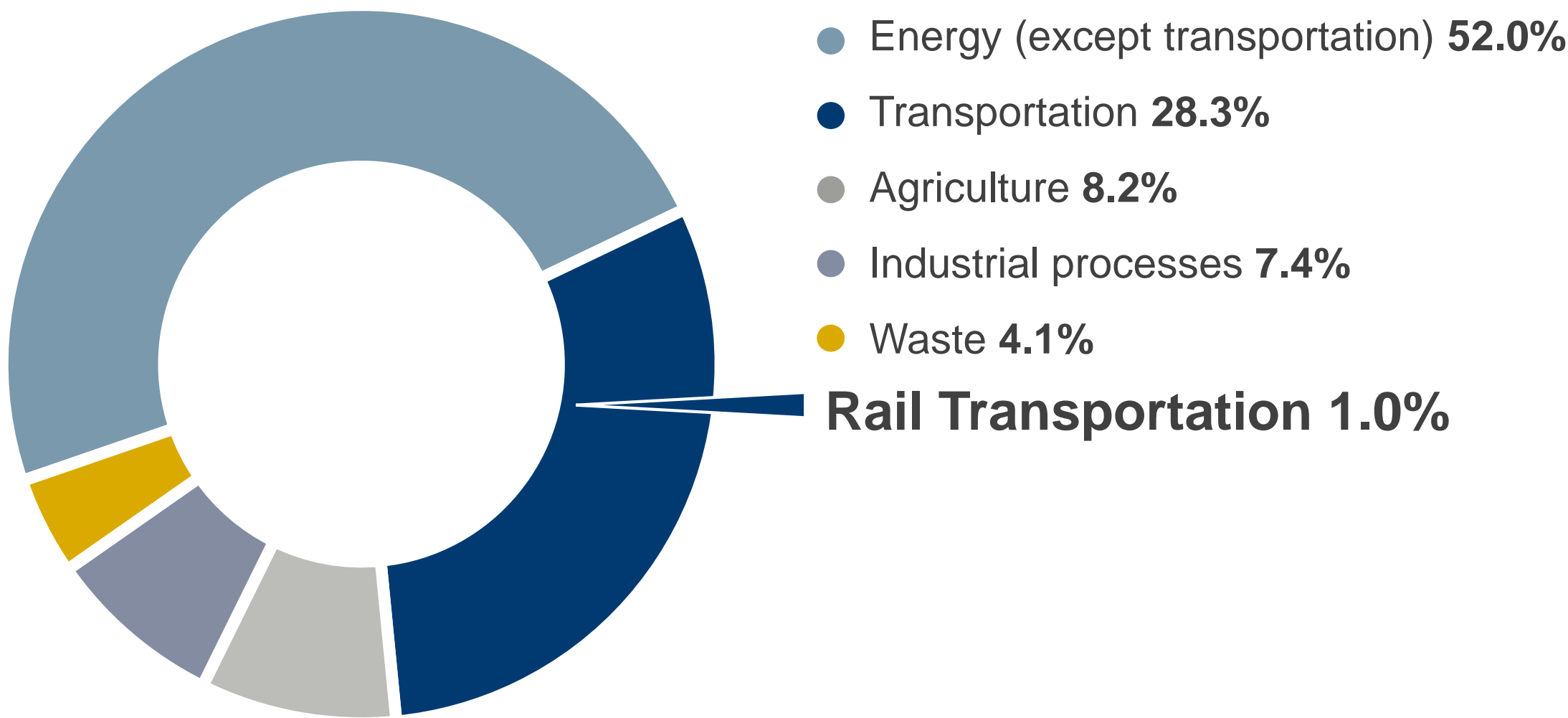


# Sustainably Driven

Transportation by rail is one of the most economical and environmentally responsible methods of moving freight

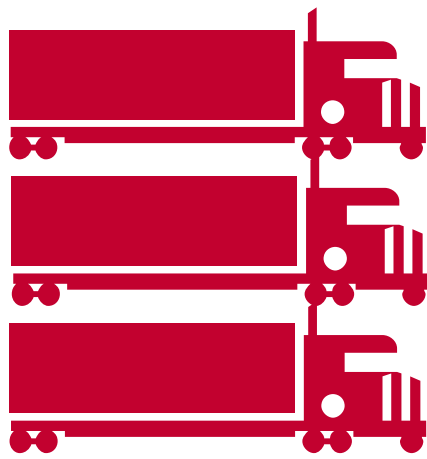
The transportation sector is responsible for 28.3% of Canada’s annual GHG emissions, with the rail industry contributing only 1% to the country’s total annual GHG emissions<sup>(1)</sup>.

Canada GHG emissions by industrial sector (2020)<sup>(1)</sup>  
% of Canadian greenhouse gas (GHG) emissions




## RAIL VS. TRUCKING<sup>(2)</sup>

A SINGLE UNIT TRAIN KEEPS MORE THAN  
**300**  
TRUCKS OFF OF PUBLIC ROADS



 **4x**  
MORE FUEL-EFFICIENT

**75%**   
LESS GHG EMISSIONS

(1) Environment and Climate Change Canada (2020). National Inventory Report 1990 – 2020: Greenhouse Gas Sources and Sinks in Canada. Retrieved from [https://publications.gc.ca/collections/collection\\_2022/eccc/En81-4-1-2020-eng.pdf](https://publications.gc.ca/collections/collection_2022/eccc/En81-4-1-2020-eng.pdf)  
(2) Association of American Railroads (2020). The Positive Environmental Effects of Increased Freight by Rail Movements in America. Retrieved from: <https://www.aar.org/wp-content/uploads/2020/06/AAR-Positive-Environmental-Effects-of-Freight-Rail-White-Paper-62020.pdf>.



# Sustainably Driven

## Hydrogen-Powered Locomotive Project

**CP's Hydrogen Locomotive Program aims to develop North America's first line-haul hydrogen-powered freight locomotive.**

CP has initiated a program to convert three different types of diesel-electric locomotives into zero-emissions hydrogen-powered locomotives using fuel cells and batteries to power electric traction motors. The program has the potential to significantly reduce greenhouse gas emissions from locomotive operations.





# CP-KCS Merger

- **Seamless network:** The CP-KCS combination would offer a seamless network and single-line haul to improve the efficient flow of grain.
- **Improved shipper options:** Together, we would increase options for shippers by connecting valuable agriculture products with new ports and new markets.
- **Expanded capacity:** Together, we would have the capacity to move even more grain and grain products. Our combined network would leverage the HEP train model.



(NOTE: The CPKC network will exist only after STB approval has been received. STB approval is anticipated in Q1 of 2023.)



# Thank you

