



North Dakota Public Service Commission

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May 11, 2022



Forward-looking Information

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.

Note on Non-GAAP Measures

Except where noted, all figures are in millions of Canadian dollars.

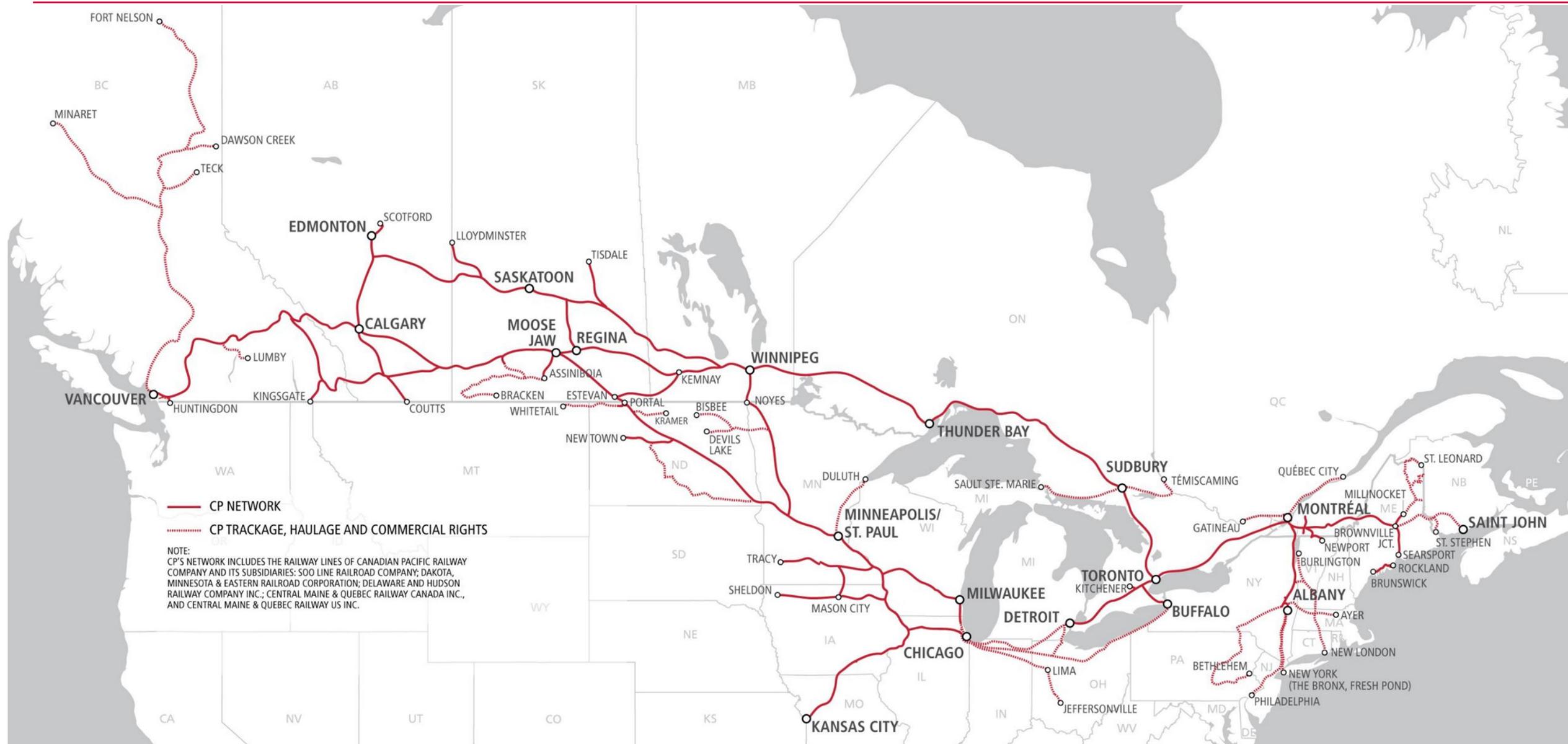
Financial information is prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), unless otherwise noted.

CP presents non-GAAP earnings information in this presentation to provide a basis for evaluating underlying earnings trends that can be compared with the prior period's results.

It should be noted that CP's non-GAAP earnings as described in this presentation, have no standardized meanings and are not defined by U.S. GAAP and, therefore, are unlikely to be comparable to similar measures presented by other companies. The presentation of these non-GAAP measures is not intended to be considered in isolation from, as a substitute for, or as superior to the financial information presented in accordance with GAAP.

For further information regarding non-GAAP measures see CP's annual report filed on Form 10-K found on our website at investor.cpr.ca/financials.

CP network overview



OUR NETWORK

13,000 MILES
RAIL NETWORK

853 MILES
AVERAGE LENGTH OF HAUL

100+
TRANSLOAD FACILITIES

SHORTEST ROUTES
IN KEY LANES

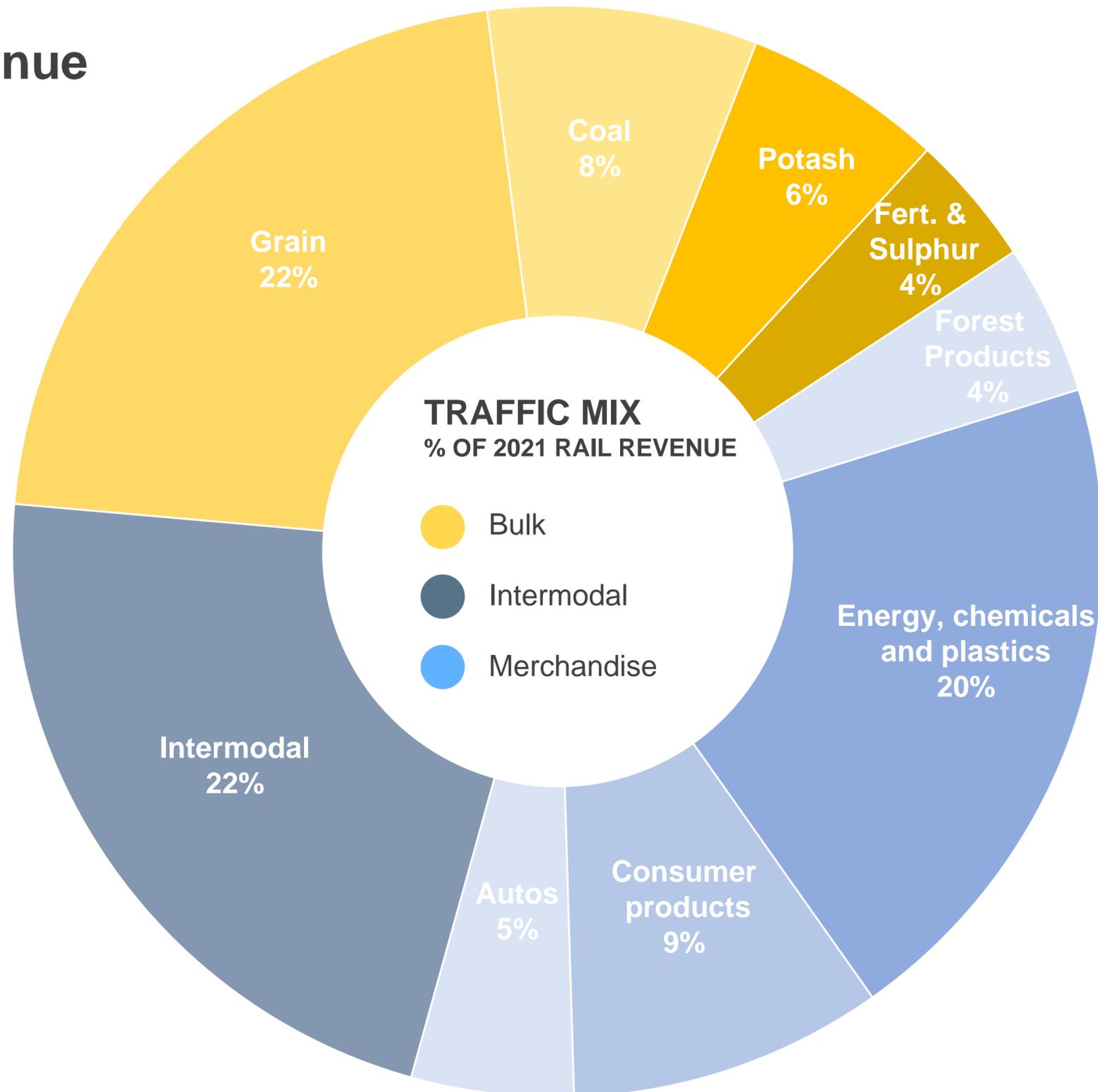
- Competitive access to key markets in Canada and the U.S.
- Access to major ports on West and East Coasts; CMQ acquisition opens up Saint John
- Shortest routes in key lanes including Vancouver to the U.S. Midwest, Chicago to Detroit, and Toronto to Calgary.
- Flagship transcontinental service provides 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.

CP'S U.S. presence

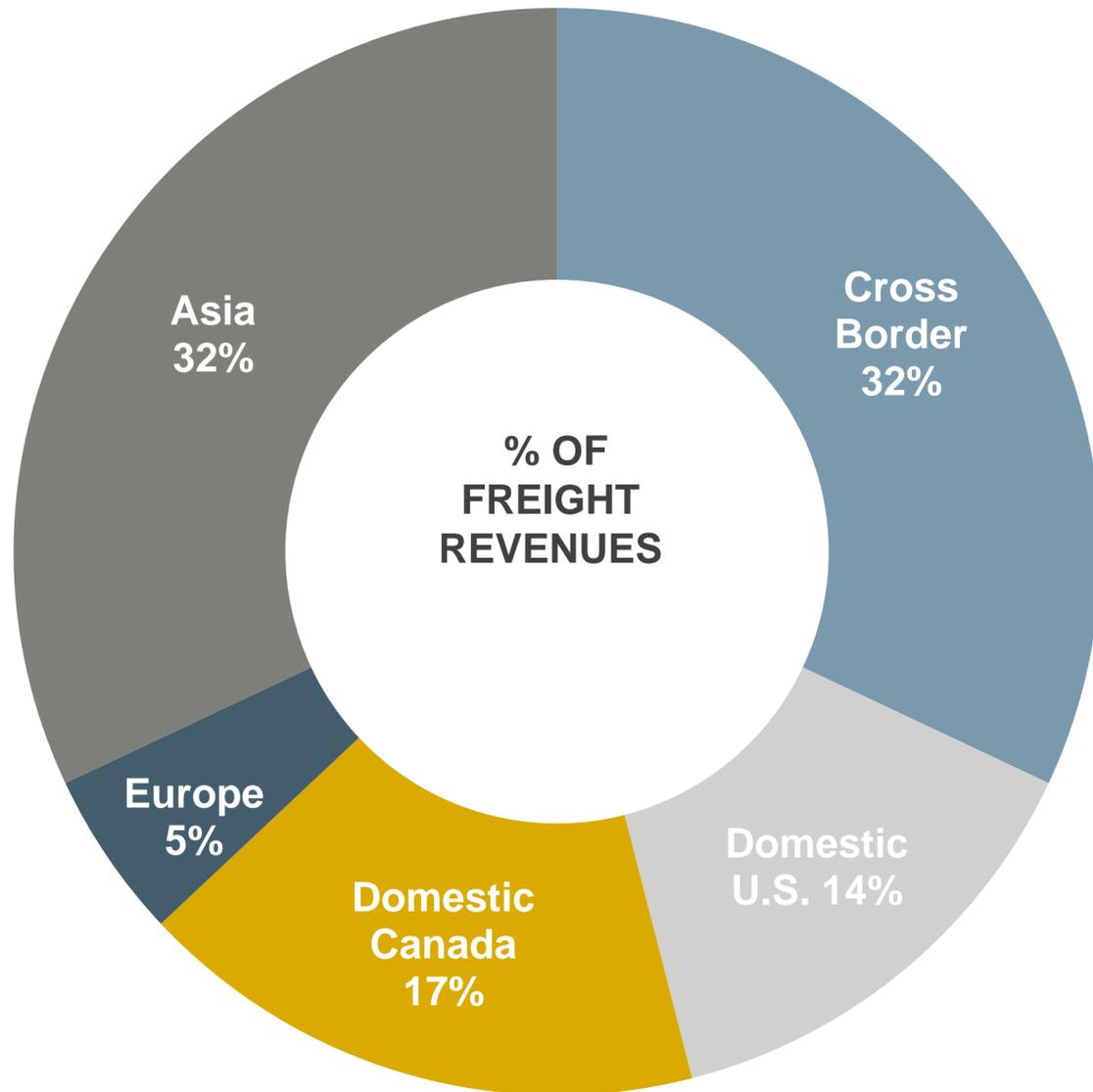
- CP owns and operates on 5,100 miles of track and employs 3,000 people in the U.S.
- U.S. headquarters are located in Minneapolis, MN.
- Since 2014, CP has invested more than \$120M in capacity enhancing projects (PTC, yard reconfigurations, and extended sidings) in the U.S.
- CP support its U.S. operations with major rail yards in Chicago, Milwaukee, St. Paul and Glenwood, and Mason City and Davenport, IA.
- CP owns 49% of the Indiana Harbor Belt Railroad and part owner of the Belt Railroad Company of Chicago, which is the largest intermediate switching terminal railroad in the U.S.
- CP's eastern corridor also supports our market position at the Port on Montreal by providing one of the shortest rail routes for European cargo destined to the U.S. mid-west.
- Our acquisition of the CMQ provides access to the Port of Saint John, NB and the Port of Searsport, ME.

Traffic mix

% of 2021 Rail Revenue



CP business mix



CROSS-BORDER 32%

CANADA TO U.S. 24%

Grain	3%
Fertilizer & Sulphur	2%
Potash	2%
Energy, chemicals & plastics	10%
Forest products	3%
Automotive	2%
Metals, minerals, consumer	2%

U.S. TO CANADA 7%

Grain	1%
Fertilizer & Sulphur	1%
Energy, chemicals & plastics	2%
Metals, minerals, consumer	1%
Intermodal	1%
Automotive	1%

MEXICO 1%

Primarily energy, automotive, grain



GROWING SUPPLY CHAIN CAPACITY



**Purchasing 5,900 New High
Capacity Grain Hopper
Cars**

**Over 6,200 CP owned and
leased currently in service**

**Modernized over 380 High
Horsepower Locomotives
since 2012**

**Utilizing
Predictive
Analytics to
reduce
unscheduled
maintenance of
rolling stock and
improve system
performance**

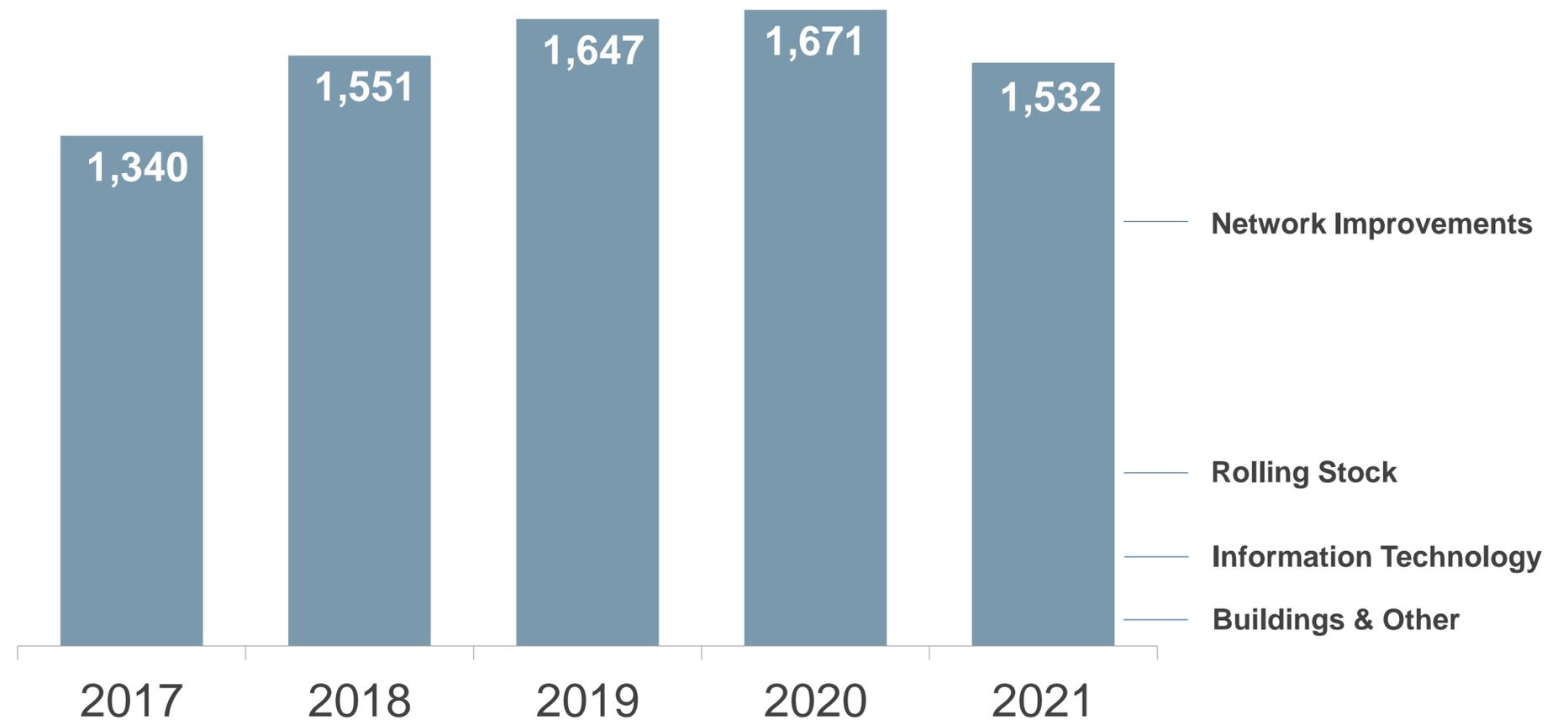
**\$1.53 billion CAPEX
in 2021**

**Strategic capacity
enhancing investments**

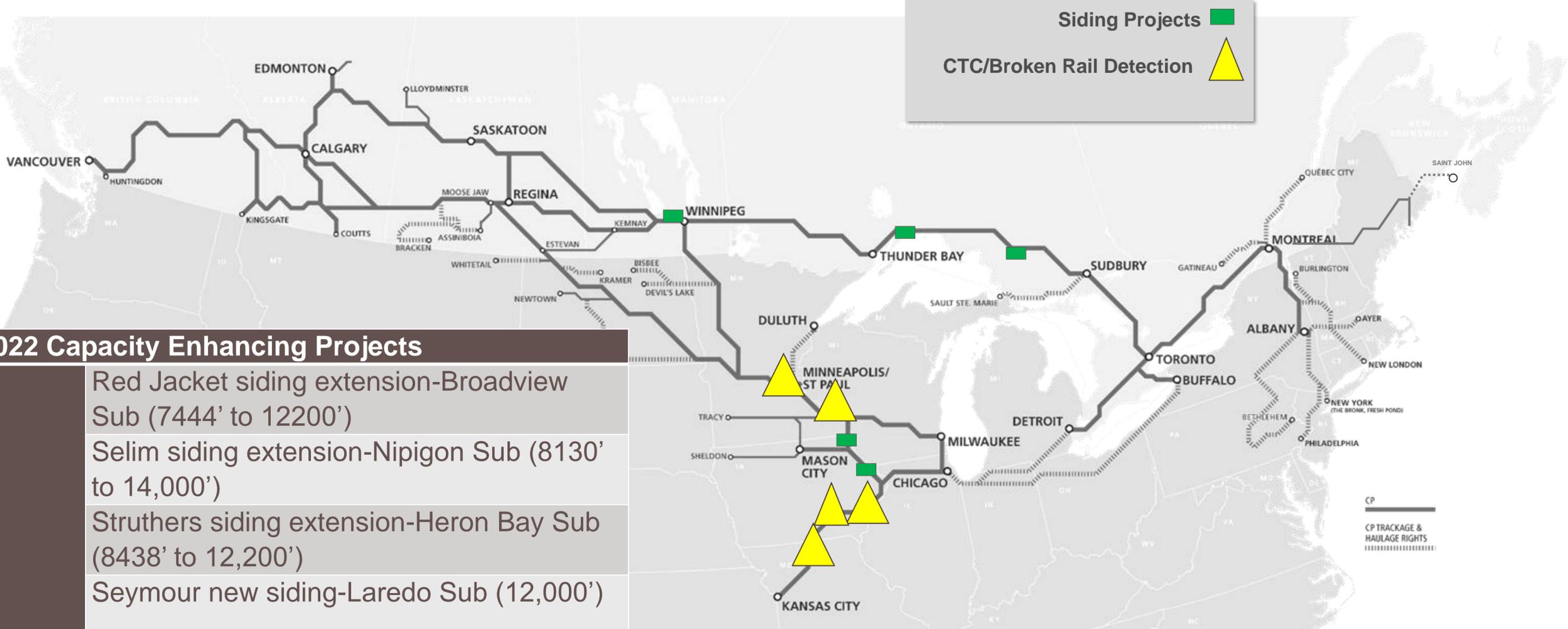
Capital investment

- Ongoing investments in enhancing assets ensure the long-term sustainability of our business.
- Network upgrades (new track, longer sidings, CTC) drive further productivity and capacity improvements.
- Rolling stock investments include locomotive modernization programs and investment in our grain hopper fleet.

Capital Expenditures
(\$ CAD millions)



2022 Network capacity enhancing projects



2022 Capacity Enhancing Projects

Siding Projects

- Red Jacket siding extension-Broadview Sub (7444' to 12200')
- Selim siding extension-Nipigon Sub (8130' to 14,000')
- Struthers siding extension-Heron Bay Sub (8438' to 12,200')
- Seymour new siding-Laredo Sub (12,000')
- Linby siding extension-Ottumwa Sub (6,038' to 12,200')

CTC Projects

- St. Paul-Dunn Crossover-River Sub
- Nahant to Deer Creek-Davenport Sub (39 miles)
- Sabula to Bellevue-Marquette Sub (24 miles)
- Fruitland to Heinz-Ottumwa Sub (10 miles)

Broken Rail Detection

- Marquette to River Junction (59 miles)

CP presence-North Dakota

- 280 employees
- 501 miles of track
- \$28 million annual CAPEX
- 96,000 annual carloads handled
- \$7 million state taxes



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 CP owned and leased new generation hopper cars in active service

**MORE GRAIN
PER CAR**



102 tonnes of wheat



112 tons 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

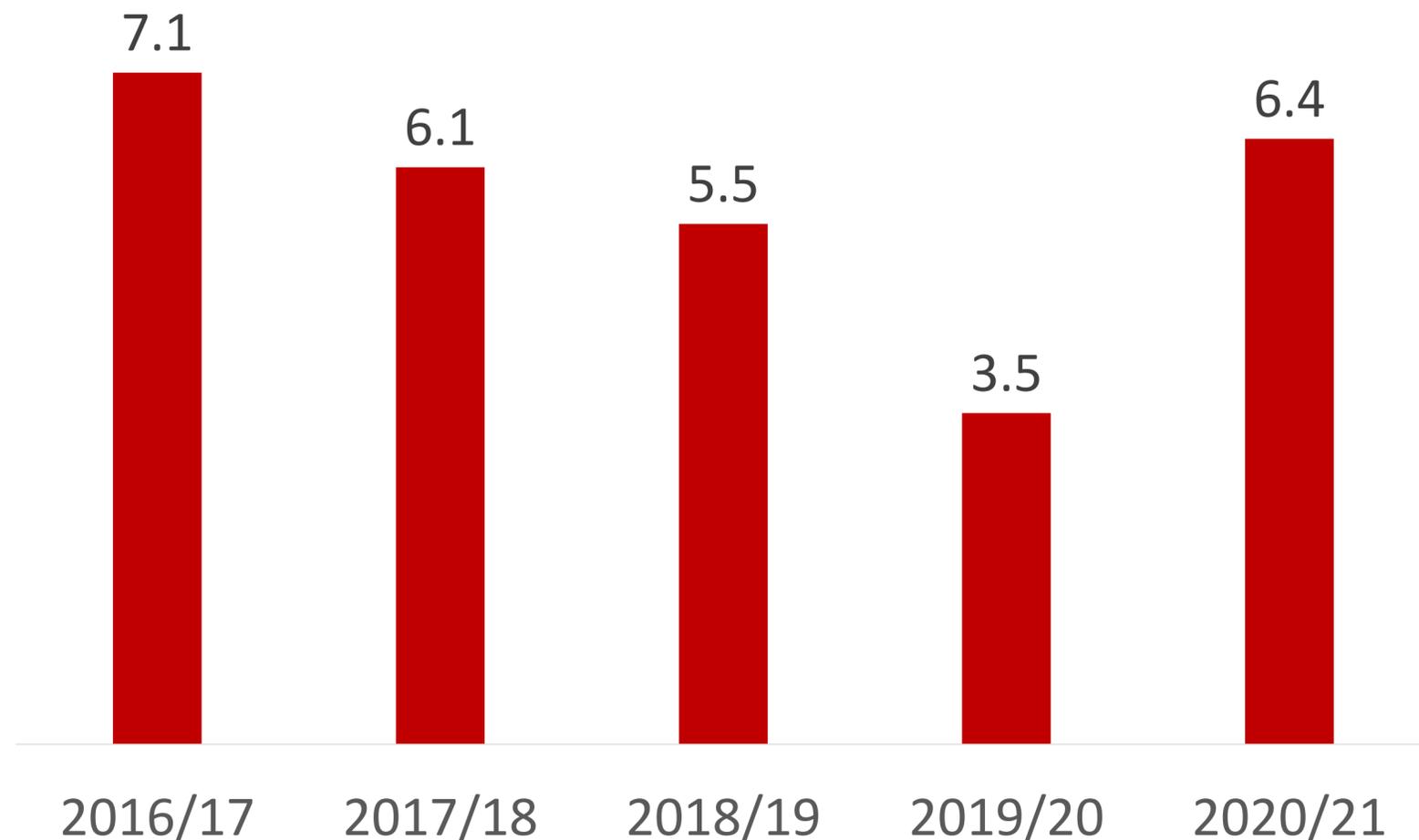
44%
more
grain

CP North Dakota Grain Performance

2021/2022 Crop Year:

- Between August-April, CP has moved 5.0 million tons of North Dakota grain and grain products.
- CP has moved increased corn volumes which is being driven by strong demand for cattle feed corn in Western Canada.
- Wheat volumes are down due to reduced production related to the drought in 2021.

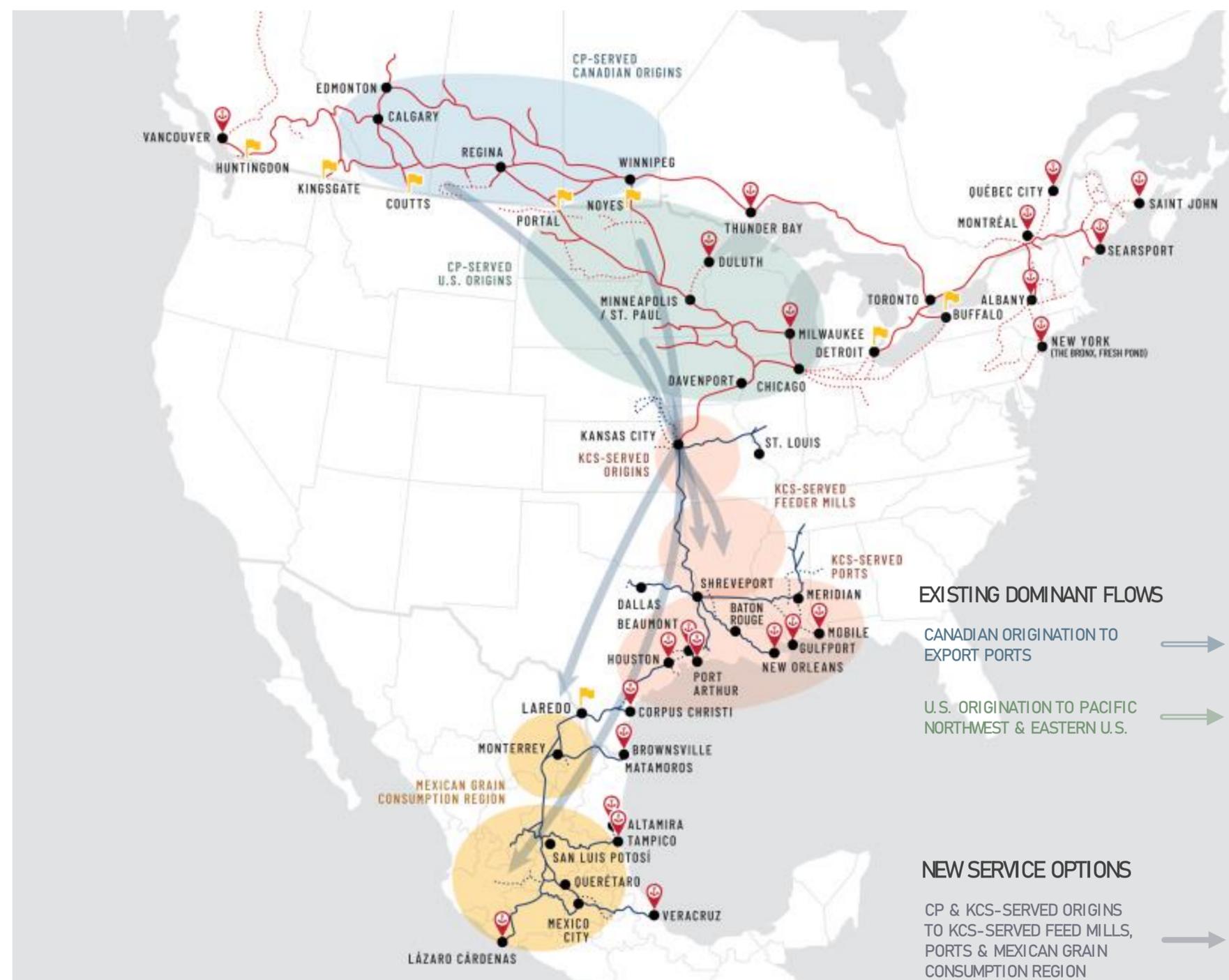
CP North Dakota Annual Grain Volumes
(millions of tons)



Note: Crop year-August 1-July 31

CP-KCS acquisition: significant benefits for shippers

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



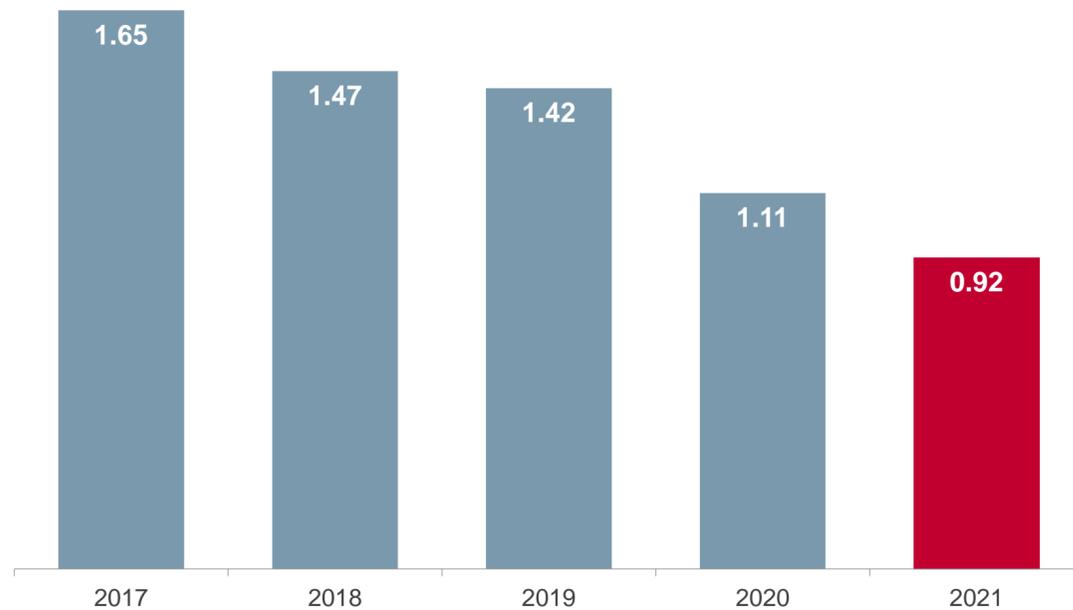
CP safety: industry leading safety performance

Personal Injuries Frequency

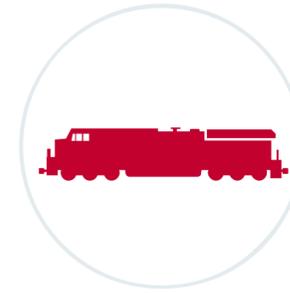


Injuries per 200,000 employee-hours, as measured by the US Federal Railroad Administration

FRA Personal Injuries Frequency 2017 – 2021

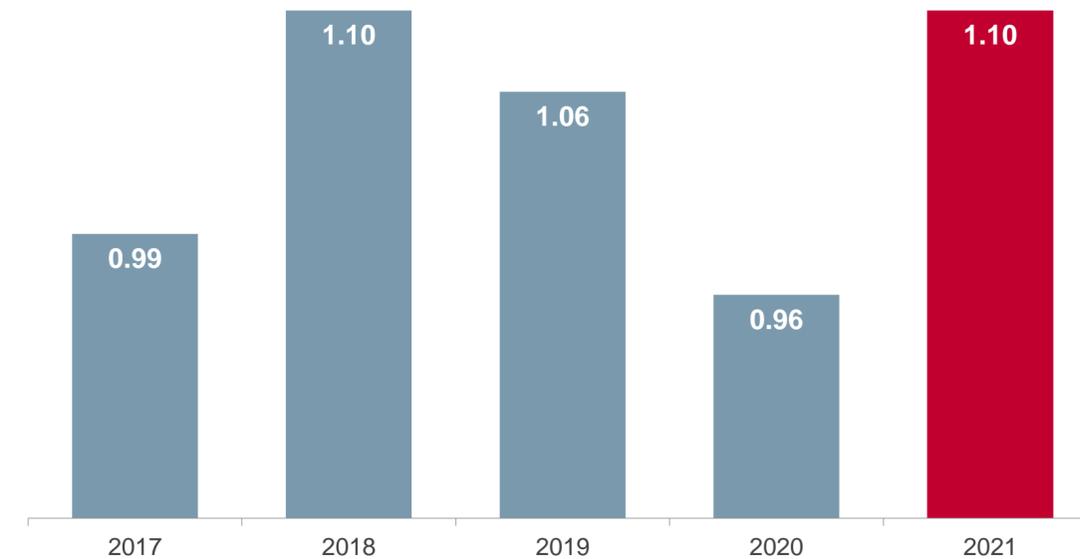


Train Accident Frequency



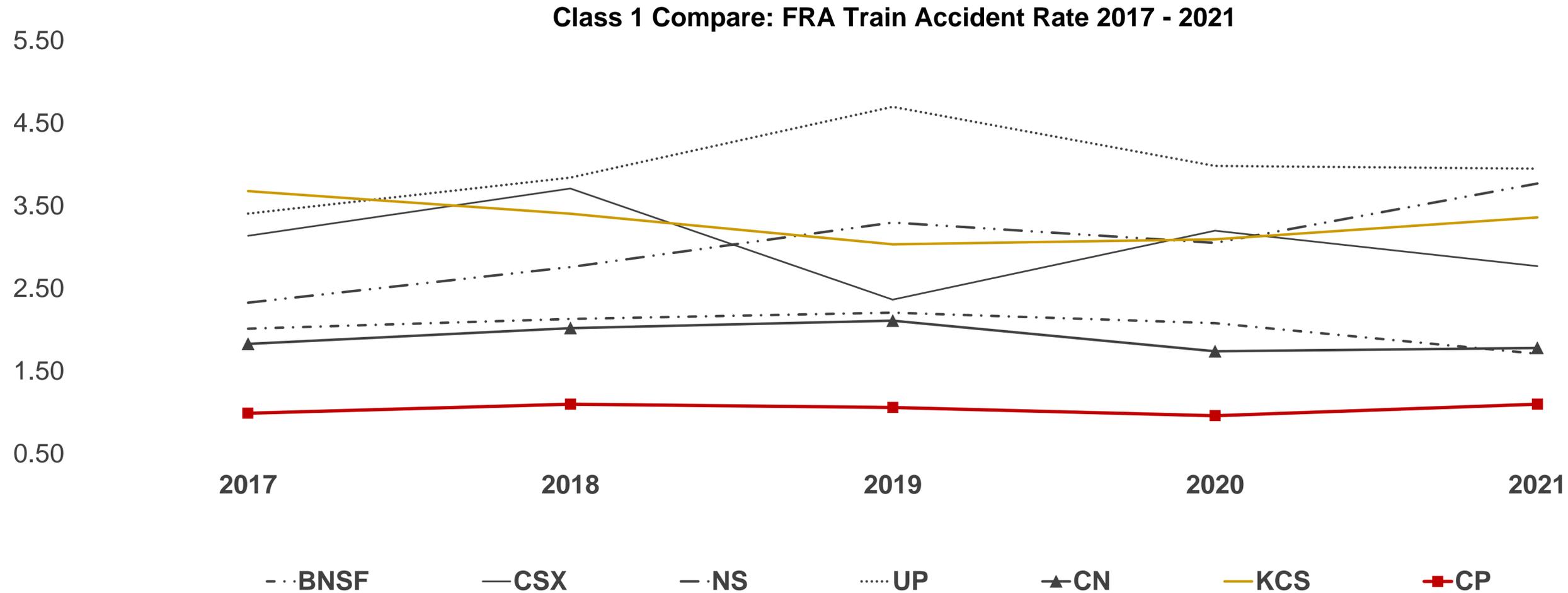
Accidents per million train-miles, as measured by the US Federal Railroad Administration

FRA Train Accident Frequency 2017 - 2021



Data collected and published annually by the Federal Railroad Administration in the United States shows CP as the industry leader for achieving the lowest train accident frequency of all Class 1 railways in North America.

Five-year industry compare Class 1 railways



*Train accidents: CP frequency to Dec. 31, 2020. CSX, UP & CN frequencies to Dec 31, 2020. All other Class 1 frequencies and US Railroad average to Oct 31, 2020.

CP is proud to achieved the lowest train accident frequency among all Class 1 railways in North America for 16 consecutive years.

Sustainability



CP is committed to being a responsible rail operator through the integration of sustainability principles into our every day business practices.



Studies have demonstrated transportation by railway to be the most economical and environmentally responsible mode of moving freight long distances over land.

4 X 

MOVING FREIGHT BY RAIL IS ON AVERAGE FOUR TIMES MORE EFFICIENT THAN BY TRUCKS⁽¹⁾

75% FEWER GHG EMISSIONS 

GHG REDUCTION MOVING FREIGHT BY TRUCKS⁽¹⁾



SHIFTING JUST 15% OF FREIGHT FROM TRUCKS TO RAIL, WOULD REDUCE GHG EMISSIONS BY CLOSE TO 5.6 MEGATONNES OF CARBON DIOXIDE EQUIVALENT⁽²⁾

CP's Resource Planning Approach and Philosophy

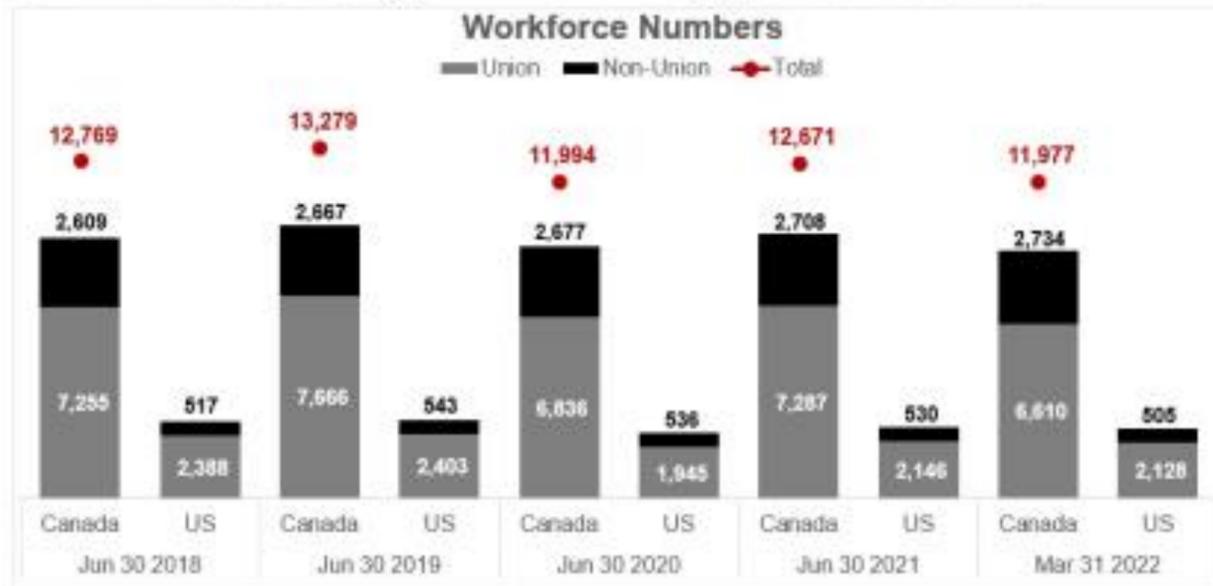
CP has robust processes for planning resources

- **The art to resource planning: responding to increases in demand can be harder than cutting**
 - Lead times: **infrastructure** = 1-3 years // **locomotives** = many months to > 1 year // **crews** = 6-8 months
- **CP organization structure designed to enable responsive resource planning in up and down cycles**
 - VP of Market Strategy and Asset Management reports directly to the CEO
 - Accountable for all aspects of resource planning - crew planning, locomotives, railcars and network capacity
- **CP resource planning process – advance planning and continual adjustment**
 - **3 year plan** - refreshed annually, to develop multi-year view of resource needs and address long lead time resources
 - Focus on long-lead time resources: network capacity, locomotives, railcars, IT systems, etc
 - **Annual plan** - Align align plans to current economic environment – markets can change a lot over 3 years
 - Includes all needed resources, including human resources
 - **Monthly demand refresh** - Adjust resourcing dynamically to changes in marketplace
 - Ensure sizing appropriately, up or down, to customer demand levels, new or expiring contracts, other developments
 - **Weekly and daily tactical planning**
 - Ensuring all steps are taken to put the right resources in the right places to meet demand across the network

CP Workforce and Hiring

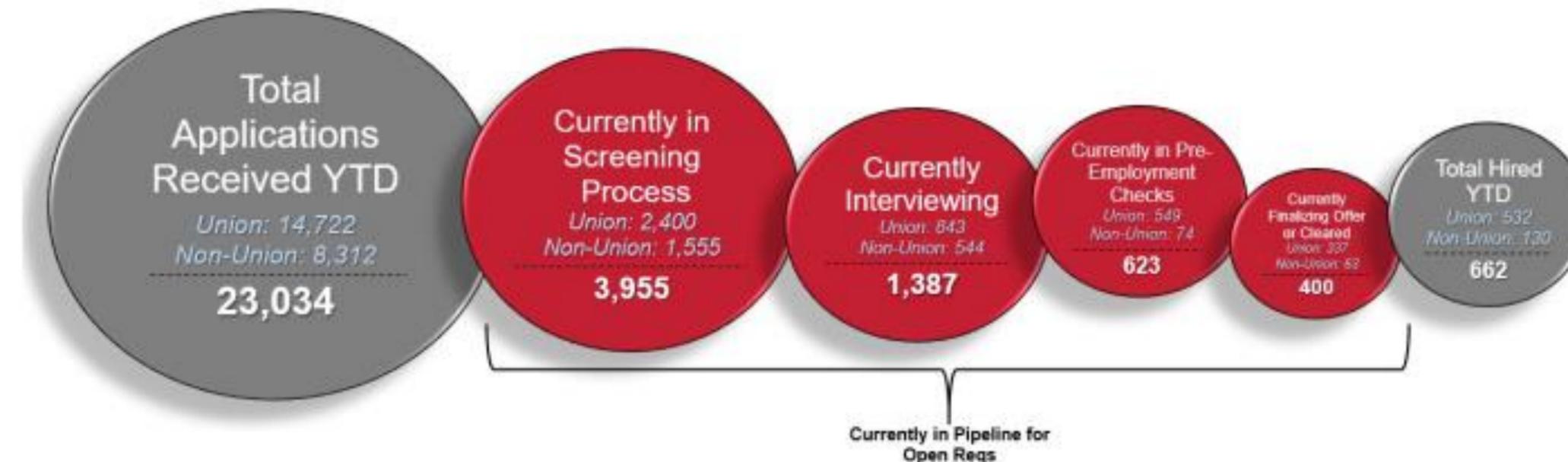
CP has maintained appropriate workforce and has robust hiring plans

- CP workforce has grown from early pandemic lows



- Labor market has tightened and is back to pre-pandemic levels with about 3.8% unemployment
- CP has taken action to improve recruiting process
 - Focus on candidate experience
 - Leveraging technology such as virtual interviews, social media campaigns, automated recruiting workflows
 - Improved data analytics to drive recruitment and hiring decisions
 - Expanded marketing and sourcing tools

- CP is very active in hiring to meet attrition and growth requirements



Thank you



CP