FIRST QUARTER REPORT

April 30, 2025

NEWS

cpkcr.com (TSX:CP) (NYSE:CP)

Release: April 30, 2025

CPKC reports first quarter results; solid demand, precision execution and a resilient network powers strong start to 2025

Calgary – Canadian Pacific Kansas City (TSX: CP) (NYSE: CP) (CPKC) today announced its first-quarter results, including revenues of $3.8 billion, diluted earnings per share (EPS) of $0.97 and core adjusted diluted EPS[1] of $1.06.

"Our talented team of world-class railroaders executed our precision scheduled operating plan to safely and efficiently move solid freight demand to start 2025, producing strong first-quarter results amidst ongoing turbulent market and macroeconomic conditions," said Keith Creel, CPKC President and Chief Executive Officer. "These first-quarter results demonstrate the power and resiliency of our unrivalled North American network."

First-quarter 2025 results

- Revenues increased by eight percent to $3.8 billion from $3.5 billion in Q1 2024
- Reported operating ratio (OR) decreased by 210 basis points to 65.3 percent from 67.4 percent in Q1 2024
- Core adjusted OR[1] decreased 150 basis points to 62.5 percent from 64.0 percent in Q1 2024
- Reported diluted EPS increased 17 percent to $0.97 from $0.83 in Q1 2024
- Core adjusted diluted EPS[1] increased 14 percent to $1.06 from $0.93 in Q1 2024
- Volumes, as measured in Revenue Ton-Miles (RTMs), increased four percent
- Federal Railroad Administration (FRA)-reportable personal injury frequency decreased to 0.98 from 1.14 in Q1 2024[2]
- FRA-reportable train accident frequency decreased to 0.38 from 0.90 in Q1 2024[2]

"We remain focused on controlling what we can control, however, the increasing uncertainty created by evolving trade policies and the heightened risk of economic recession make it prudent to amend our 2025 earnings guidance at this time," said Creel. "CPKC's long-term value proposition remains unchanged. We will continue to operate safely and efficiently, as we deliver on our promise to provide premium service to our customers, bring new customer solutions and products to the market, and strengthen North American trade."

Updated 2025 Outlook

- As a result of the ongoing tariff and trade policy uncertainty, CPKC now expects 2025 core adjusted diluted EPS[1] to increase between 10 and 14 percent versus 2024 core adjusted diluted EPS[1] of $4.25.

Conference Call Details

CPKC will discuss its results with the financial community in a conference call beginning at 4:30 p.m. ET (2:30 p.m. MT) on April 30, 2025.

[1] These measures have no standardized meanings prescribed by accounting principles generally accepted in the United States of America ("GAAP") and, therefore, may not be comparable to similar measures presented by other companies. For information regarding non-GAAP measures including reconciliations and forward-looking non-GAAP measures, see attached supplementary schedule of Non-GAAP Measures.

[2] The first-quarter 2024 FRA-reportable personal injury frequency and FRA-reportable train accident frequency have been restated to reflect new information available within specified periods stipulated by the FRA but that exceed CPKC's financial reporting timeline.

Conference Call Access
Canada and U.S.: 800-274-8461
International: 203-518-9814
*Conference ID: CPKCQ125
Callers should dial in 10 minutes prior to the call.

Webcast
We encourage you to access the webcast and presentation material in the Investors section of CPKC's website at investor.cpkcr.com.

A replay of the first-quarter conference call will be available through May 7, 2025, at 800-839-5125 (Canada/U.S.) or 402-220-1502 (International).

Forward-looking information
This news release contains certain forward-looking information and forward-looking statements (collectively, "forward-looking information") within the meaning of applicable securities laws in both the U.S. and Canada. Forward-looking information 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 or headings such as "financial expectations", "key assumptions", "anticipate", "believe", "expect", "plan", "will", "outlook", “guidance”, "should" or similar words suggesting future outcomes. This news release contains forward-looking information relating, but not limited, to statements concerning our ability to deliver on our financial guidance for 2025, strategic initiatives and investments, the success of our business, the realization of anticipated benefits and synergies of the CP-KCS combination, and the opportunities arising therefrom, our operations, priorities and plans, anticipated financial and operational performance, business prospects and demand for our services and growth opportunities.

The forward-looking information in this news release is based on current expectations, estimates, projections and assumptions, having regard to CPKC's experience and its perception of historical trends, and includes, but is 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; 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 information 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 information as actual results may differ materially from those expressed or implied by forward-looking information. By its nature, CPKC’s forward-looking information involves 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 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 via CPKC; inflation; geopolitical instability; changes in laws, regulations and government policies, including, without limitation, those relating to regulation of rates, tariffs, import/export, trade, wages, labour and immigration; changes in taxes and tax rates; potential increases in maintenance and operating costs; changes in fuel prices; disruption 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 or other changes to international trade arrangements; the effects of current and future multinational trade agreements on 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 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, including the availability of short and long-term financing; 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 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 final decision; the success of integration plans for KCS; 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 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 – Forward-Looking Statements" in CPKC's annual and interim reports on Form 10-K and 10-Q.

Any forward-looking information contained in this news release 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, or the foregoing assumptions and risks affecting such forward-looking information, whether as a result of new information, future events or otherwise.

About CPKC
With its global headquarters in Calgary, Alta., Canada, CPKC is the first and only single-line transnational railway linking Canada, the United States and México, with unrivaled access to major ports from Vancouver to Atlantic Canada to the Gulf Coast to Lázaro Cárdenas, México. Stretching approximately 20,000 route miles and employing 20,000 railroaders, CPKC provides North American customers unparalleled rail service and network reach to key markets across the continent. CPKC is growing with its customers, offering a suite of freight transportation services, logistics solutions and supply chain expertise. Visit cpkcr.com to learn more about the rail advantages of CPKC. CP-IR

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Summary of Rail Data

Financial (in millions, except per share data)	First Quarter 2025	2024	Total Change	% Change
Revenues				
Freight	**$ 3,727**	$ 3,427	$ 300	**9**
Non-freight	**68**	93	(25)	**(27)**
Total revenues	**3,795**	3,520	275	**8**
Operating expenses				
Compensation and benefits	**682**	690	(8)	**(1)**
Fuel	**481**	458	23	**5**
Materials	**124**	94	30	**32**
Equipment rents	**99**	82	17	**21**
Depreciation and amortization	**504**	467	37	**8**
Purchased services and other	**588**	580	8	**1**
Total operating expenses	**2,478**	2,371	107	**5**
Operating income	**1,317**	1,149	168	**15**
Other expense (income)	**7**	(2)	9	**(450)**
Other components of net periodic benefit recovery	**(107)**	(88)	(19)	**22**
Net interest expense	**216**	206	10	**5**
Income before income tax expense	**1,201**	1,033	168	**16**
Current income tax expense	**266**	242	24	**10**
Deferred income tax expense	**26**	17	9	**53**
Income tax expense	**292**	259	33	**13**
Net income	**$ 909**	$ 774	$ 135	**17**
Net loss attributable to non-controlling interest	**(1)**	(1)	—	**—**
Net income attributable to controlling shareholders	**$ 910**	$ 775	$ 135	**17**
Operating ratio (%)	**65.3**	67.4	(2.1)	**(210) bps**
Basic earnings per share	**$ 0.98**	$ 0.83	$ 0.15	**18**
Diluted earnings per share	**$ 0.97**	$ 0.83	$ 0.14	**17**
Shares Outstanding				
Weighted average number of basic shares outstanding (millions)	**933.2**	932.4	0.8	**—**
Weighted average number of diluted shares outstanding (millions)	**934.3**	934.4	(0.1)	**—**
Foreign Exchange				
Average foreign exchange rate (U.S.$/Canadian$)	**0.70**	0.74	(0.04)	**(5)**
Average foreign exchange rate (Canadian$/U.S.$)	**1.44**	1.35	0.09	**7**
Average foreign exchange rate (Mexican peso/Canadian$)	**14.23**	12.61	1.62	**13**
Average foreign exchange rate (Canadian$/Mexican peso)	**0.0703**	0.0793	(0.0090)	**(11)**

Summary of Rail Data (Continued)

Commodity Data	First Quarter 2025	2024	Total Change	% Change	FX Adjusted % Change[1]
Freight Revenues (millions)					
- Grain	**$ 788**	$ 730	$ 58	**8**	4
- Coal	**257**	209	48	**23**	21
- Potash	**156**	137	19	**14**	10
- Fertilizers and sulphur	**114**	104	10	**10**	5
- Forest products	**217**	202	15	**7**	2
- Energy, chemicals and plastics	**758**	702	56	**8**	3
- Metals, minerals and consumer products	**448**	440	8	**2**	(1)
- Automotive	**315**	265	50	**19**	18
- Intermodal	**674**	638	36	**6**	4
Total Freight Revenues	**$ 3,727**	$ 3,427	$ 300	**9**	5
Freight Revenue per Revenue Ton-Mile ("RTM") (cents)					
- Grain	**5.27**	5.01	0.26	**5**	1
- Coal	**4.44**	3.98	0.46	**12**	10
- Potash	**3.53**	3.33	0.20	**6**	2
- Fertilizers and sulphur	**7.99**	7.61	0.38	**5**	—
- Forest products	**9.26**	9.00	0.26	**3**	(2)
- Energy, chemicals and plastics	**7.81**	7.22	0.59	**8**	3
- Metals, minerals and consumer products	**9.57**	9.36	0.21	**2**	—
- Automotive	**25.55**	26.58	(1.03)	**(4)**	(5)
- Intermodal	**7.33**	7.19	0.14	**2**	—
Total Freight Revenue per RTM	**6.94**	6.61	0.33	**5**	2
Freight Revenue per Carload					
- Grain	**$ 5,894**	$ 5,518	$ 376	**7**	2
- Coal	**2,171**	1,932	239	**12**	11
- Potash	**3,920**	3,703	217	**6**	2
- Fertilizers and sulphur	**6,404**	6,047	357	**6**	1
- Forest products	**6,236**	5,627	609	**11**	6
- Energy, chemicals and plastics	**5,319**	4,858	461	**9**	5
- Metals, minerals and consumer products	**3,601**	3,392	209	**6**	4
- Automotive	**5,450**	4,758	692	**15**	13
- Intermodal	**1,548**	1,548	—	**—**	(2)
Total Freight Revenue per Carload	**$ 3,374**	$ 3,195	$ 179	**6**	2

[1] This earnings measure has no standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. This measure is defined and reconciled in Non-GAAP Measures of this Earnings Release.

Summary of Rail Data (Continued)

Commodity Data	First Quarter 2025	2024	Total Change	% Change
Millions of RTM				
- Grain	**14,942**	14,570	372	**3**
- Coal	**5,783**	5,252	531	**10**
- Potash	**4,419**	4,110	309	**8**
- Fertilizers and sulphur	**1,427**	1,366	61	**4**
- Forest products	**2,343**	2,244	99	**4**
- Energy, chemicals and plastics	**9,701**	9,719	(18)	**—**
- Metals, minerals and consumer products	**4,681**	4,701	(20)	**—**
- Automotive	**1,233**	997	236	**24**
- Intermodal	**9,195**	8,879	316	**4**
Total RTMs	**53,724**	51,838	1,886	**4**
Carloads (thousands)				
- Grain	**133.7**	132.3	1.4	**1**
- Coal	**118.4**	108.2	10.2	**9**
- Potash	**39.8**	37.0	2.8	**8**
- Fertilizers and sulphur	**17.8**	17.2	0.6	**3**
- Forest products	**34.8**	35.9	(1.1)	**(3)**
- Energy, chemicals and plastics	**142.5**	144.5	(2.0)	**(1)**
- Metals, minerals and consumer products	**124.4**	129.7	(5.3)	**(4)**
- Automotive	**57.8**	55.7	2.1	**4**
- Intermodal	**435.4**	412.1	23.3	**6**
Total Carloads	**1,104.6**	1,072.6	32.0	**3**

	First Quarter 2025	2024	Total Change	% Change	FX Adjusted % Change[(1)]
Operating Expenses (millions)					
Compensation and benefits	**$ 682**	$ 690	$ (8)	**(1)**	(2)
Fuel	**481**	458	23	**5**	3
Materials	**124**	94	30	**32**	32
Equipment rents	**99**	82	17	**21**	14
Depreciation and amortization	**504**	467	37	**8**	4
Purchased services and other	**588**	580	8	**1**	(1)
Total Operating Expenses	**$ 2,478**	$ 2,371	$ 107	**5**	2

(1) This earnings measure has no standardized meaning prescribed by GAAP and, therefore, is unlikely to be comparable to similar measures presented by other companies. This measure is defined and reconciled in Non-GAAP Measures of this Earnings Release.

Summary of Rail Data (Continued)

	First Quarter			
	2025	**2024**	**Total Change**	**% Change**
Operations Performance				
Gross ton-miles ("GTMs") (millions)	**98,412**	95,809	2,603	**3**
Train miles (thousands)	**11,804**	11,995	(191)	**(2)**
Average train weight - excluding local traffic (tons)	**9,034**	8,639	395	**5**
Average train length - excluding local traffic (feet)	**7,628**	7,324	304	**4**
Average terminal dwell (hours)	**10.3**	9.7	0.6	**6**
Average train speed (miles per hour, or "mph")[1]	**19.1**	19.1	—	**—**
Locomotive productivity (GTMs / operating horsepower)[2]	**163**	158	5	**3**
Fuel efficiency[3]	**1.064**	1.065	(0.001)	**—**
U.S. gallons of locomotive fuel consumed (millions)[4]	**104.7**	102.0	2.7	**3**
Average fuel price (U.S. dollars per U.S. gallon)	**3.20**	3.34	(0.14)	**(4)**
Total Employees and Workforce				
Total employees (average)[5]	**19,749**	19,997	(248)	**(1)**
Total employees (end of period)[5]	**19,992**	20,158	(166)	**(1)**
Workforce (end of period)[6]	**20,114**	20,261	(147)	**(1)**
Safety Indicators[7]				
FRA personal injuries per 200,000 employee-hours	**0.98**	1.14	(0.16)	**(14)**
FRA train accidents per million train-miles	**0.38**	0.90	(0.52)	**(58)**

(1) Average train speed is defined as a measure of the line-haul movement from origin to destination including terminal dwell hours. It is calculated by dividing the total train miles travelled by the total train hours operated. This calculation does not include delay time related to customers or foreign railroads and excludes the time and distance travelled by: i) trains used in or around CPKC's yards; ii) passenger trains; and iii) trains used for repairing track. An increase in average train speed indicates improved on-time performance resulting in improved asset utilization.

(2) Locomotive productivity is defined as the daily average GTMs divided by daily average operating horsepower. Operating horsepower excludes units offline, tied up or in storage, or in use on other railways, and includes foreign units.

(3) Fuel efficiency is defined as U.S. gallons of locomotive fuel consumed per 1,000 GTMs.

(4) Fuel consumed includes gallons from freight, yard and commuter service but excludes fuel used in capital projects and other non-freight activities.

(5) An employee is defined as an individual currently engaged in full-time, part-time, or seasonal employment with CPKC. CPKC monitors employment levels in order to efficiently meet service and strategic requirements. The number of employees is a key driver to total compensation and benefits costs.

(6) Workforce is defined as employees plus contractors and consultants.

(7) Federal Railroad Administration ("FRA") personal injuries per 200,000 employee-hours and FRA train accidents per million train-miles for the three months ended March 31, 2024 have been restated to reflect new information available within specified periods stipulated by the FRA but that exceed the Company's financial reporting timeline.

Non-GAAP Measures

The Company presents Non-GAAP measures to provide a basis for evaluating underlying earnings and liquidity trends in the Company's current period's financial results that can be compared with the results of operations in prior periods. Management believes these Non-GAAP measures facilitate a multi-period assessment of long-term profitability.

These Non-GAAP measures have no standardized meanings and are not defined by accounting principles generally accepted in the United States of America ("GAAP") and, therefore, may not 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.

Non-GAAP Performance and Liquidity Measures

Beginning in the first quarter 2025, Core adjusted operating income, Core adjusted operating ratio, Core adjusted income, Core adjusted diluted earnings per share ("EPS") and Adjusted free cash have been used in continuity of the Non-GAAP measures previously known as Core adjusted combined operating income, Core adjusted combined operating ratio, Core adjusted combined income, Core adjusted combined diluted EPS and Adjusted combined free cash, respectively. No adjustments are required to the previously presented Non-GAAP measures as reported in 2024 to present them on a comparable basis, as Kansas City Southern ("KCS") was consolidated within the Company's results throughout the whole year and therefore, no combination adjustments exist. In addition to the above Non-GAAP performance and liquidity measures, Adjusted net debt to adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio has been used in continuity of the Non-GAAP measure previously known as Adjusted combined net debt to adjusted combined EBITDA ratio. Adjusted combined net debt to adjusted combined EBITDA ratio as previously reported in the first quarter of 2024 included certain combination adjustments for KCS within adjusted combined EBITDA for the period from April 1 to April 13, 2023 when the Company included the results of KCS by the equity method of accounting in its reported results. These combination adjustments were removed from adjusted EBITDA for the twelve months ended March 31, 2024 to present Adjusted net debt to adjusted EBITDA ratio on a comparable basis.

The Company uses Core adjusted operating income, Core adjusted operating ratio, Core adjusted income, and Core adjusted diluted EPS to evaluate the Company’s operating performance and for planning and forecasting future business operations and future profitability. In addition to the Core adjusted Non-GAAP performance measures noted above, other Non-GAAP liquidity measures include Adjusted free cash and Adjusted net debt to adjusted EBITDA ratio.

Management believes these Non-GAAP measures provide meaningful supplemental information about our financial results and improved comparability to past performance because they exclude certain significant items that are not considered indicative of future or past financial trends either by nature or amount. As a result, these items are excluded for management's assessment of operational performance, allocation of resources, and preparation of annual budgets. These significant items may include, but are not limited to, restructuring and asset impairment charges, individually significant gains and losses from sales of assets, acquisition-related costs, adjustments to provisions and settlements of Mexican taxes, loss on derecognition of CPKC’s previously held equity method investment in KCS, discrete tax items, changes in the outside basis tax difference between the carrying amount of CPKC's equity investment in KCS and its tax basis of this investment, a deferred income tax recovery related to the elimination of the deferred income tax liability on the outside basis difference of the investment, changes in income tax rates, changes to an uncertain tax item, and certain items outside the control of management. Acquisition-related costs include legal, consulting, integration costs including third-party services and system migration, debt exchange transaction costs, community investments, restructuring, employee retention and synergy incentive costs, and transaction and integration costs incurred by KCS. These items may not be non-recurring and may include items that are settled in cash. Specifically, due to the magnitude of the acquisition, its significant impact to the Company’s business and complexity of integrating the acquired business and operations, the Company continues to expect to incur acquisition-related costs beyond the year of acquisition. Management believes excluding these significant items from GAAP results provides an additional viewpoint which may give users a consistent understanding of the Company's financial performance when performing a multi-period assessment including assessing the likelihood of future results. Accordingly, these Non-GAAP financial measures may provide additional insight to investors and other external users of the Company's financial information.

In addition, these Non-GAAP measures exclude KCS purchase accounting. KCS purchase accounting represents the amortization of basis differences being the incremental depreciation and amortization in relation to fair value adjustments to properties and intangible assets, incremental amortization in relation to fair value adjustments to KCS’s investments, amortization of the change in fair value of debt of KCS assumed on April 14, 2023 (the "Control Date"), and depreciation and amortization of fair value adjustments that are attributable to the non-controlling interest, as recognized within "Depreciation and amortization", "Other expense (income)", "Net interest expense", and "Net loss attributable to non-controlling interest", respectively, in the Company's Interim Consolidated Statements of Income. During the periods prior to the Control Date, KCS purchase accounting represents the amortization of basis differences, being the difference in value between the consideration paid to acquire KCS and the underlying carrying value of the net assets of KCS immediately prior to its acquisition by the Company, net of tax. All assets subject to KCS purchase accounting contribute to income generation and will continue to amortize over their estimated useful lives. Excluding KCS purchase accounting from GAAP results provides financial statement users with additional transparency by isolating the impact of KCS purchase accounting.

Significant items that impact Net income attributable to controlling shareholders as reported on a GAAP basis for the first three months of 2025, the twelve months of 2024 and the last nine months ended December 31, 2023 include:

2025:

- during the first quarter, acquisition-related costs of $20 million in connection with the KCS acquisition ($15 million after current income tax recovery of $5 million) including costs of $5 million recognized in "Compensation and benefits" primarily related to restructuring costs, retention and synergy related incentive compensation costs; $1 million recognized in "Materials"; and $14 million recognized in "Purchased services and other" primarily related to system migration, legal fees, and other third party purchased services, that unfavourably impacted Diluted EPS by 2 cents.

2024:

- during the course of the year, a deferred income tax recovery of $81 million on account of changes in tax rates, that favourably impacted Diluted EPS by 9 cents as follows:
  - in the fourth quarter, a deferred income tax recovery of $78 million due to a decrease in the Louisiana state corporate income tax rate, that favourably impacted Diluted EPS by 9 cents; and
  - in the second quarter, a deferred income tax recovery of $3 million due to a decrease in the Arkansas state corporate income tax rate, that had minimal impact on Diluted EPS;
- during the course of the year, adjustments to provisions and settlements of Mexican taxes of $4 million recovery ($2 million after deferred income tax expense of $2 million) recognized in "Compensation and benefits", that had minimal impact on Diluted EPS as follows:
  - in the fourth quarter, adjustments to provisions and settlements of Mexican taxes of $7 million recovery ($6 million after deferred income tax expense of $1 million) recognized in "Compensation and benefits", that had minimal impact on Diluted EPS;
  - in the third quarter, adjustments to provisions and settlements of Mexican taxes of $7 million recovery ($6 million after deferred income tax expense of $1 million) recognized in "Compensation and benefits", that favourably impacted Diluted EPS by 1 cent; and
  - in the first quarter, adjustments to provisions and settlements of Mexican taxes of $10 million expense ($10 million after deferred income tax recovery) recognized in "Compensation and benefits", that unfavourably impacted Diluted EPS by 1 cent; and
- during the course of the year, acquisition-related costs of $112 million in connection with the KCS acquisition ($82 million after current income tax recovery of $30 million), including an expense of $18 million recognized in "Compensation and benefits" primarily related to retention and synergy related incentive compensation costs; $6 million recognized in "Materials"; and $88 million recognized in "Purchased services and other" primarily related to system migration, relocation expenses, legal and consulting fees, that unfavourably impacted Diluted EPS by 9 cents as follows:
  - in the fourth quarter, acquisition-related costs of $22 million in connection with the KCS acquisition ($17 million after current income tax recovery of $5 million) including costs of $1 million recognized in "Compensation and benefits", $1 million recognized in "Materials", and $20 million recognized in "Purchased services and other", that unfavourably impacted Diluted EPS by 2 cents;
  - in the third quarter, acquisition-related costs of $36 million in connection with the KCS acquisition ($26 million after current income tax recovery of $10 million) including costs of $11 million recognized in "Compensation and benefits", $1 million recognized in "Materials", and $24 million recognized in "Purchased services and other", that unfavourably impacted Diluted EPS by 3 cents;
  - in the second quarter, acquisition-related costs of $28 million in connection with the KCS acquisition ($19 million after current income tax recovery of $9 million) including costs of $2 million recognized in "Compensation and benefits", $2 million recognized in "Materials", and $24 million recognized in "Purchased services and other", that unfavourably impacted Diluted EPS by 2 cents; and
  - in the first quarter, acquisition-related costs of $26 million in connection with the KCS acquisition ($20 million after current income tax recovery of $6 million) including costs of $4 million recognized in "Compensation and benefits", $2 million recognized in "Materials", and $20 million recognized in "Purchased services and other", that unfavourably impacted Diluted EPS by 2 cents.

2023:

- in the second quarter, a remeasurement loss of KCS of $7,175 million due to the derecognition of CPKC's previously held equity method investment in KCS and remeasurement at its Control Date fair value, that unfavourably impacted Diluted EPS by $7.68;
- in the second quarter, a deferred income tax recovery of $7,832 million related to the elimination of the deferred income tax liability on the outside basis difference of the investment in KCS, that favourably impacted Diluted EPS by $8.39;
- during the last nine months ended December 31, 2023, a total current tax expense of $16 million related to a tax settlement with the Servicio de Administracion Tributaria ("SAT") of $13 million and a reserve for the estimated impact of potential future audit settlements of $3 million, that unfavourably impacted Diluted EPS by 2 cents as follows:
  - in the fourth quarter, a current tax expense of $1 million related to a tax settlement with the SAT that had minimal impact on Diluted EPS; and
  - in the third quarter, adjustments to provisions and settlements of Mexican taxes of $15 million related to a tax settlement with the Servicio de Administracion Tributaria ("SAT") of $9 million and reserves for the estimated impact of potential future audit settlements of $6 million of which $3 million was settled in the fourth quarter, that unfavourably impacted Diluted EPS by 2 cents;
- during the last nine months ended December 31, 2023, a deferred income tax recovery of $72 million on account of changes in tax rates and apportionment, that favourably impacted Diluted EPS by 7 cents as follows:
  - in the fourth quarter, a deferred income tax recovery of $7 million due to CPKC unitary state apportionment changes, that favourably impacted Diluted EPS by 1 cent;
  - in the third quarter, a deferred income tax recovery of $14 million due to decreases in the Iowa and Arkansas state corporate income tax rates, that favourably impacted Diluted EPS by 2 cents; and
  - in the second quarter, a deferred income tax recovery of $51 million due to CPKC unitary state apportionment changes, that favourably impacted Diluted EPS by 5 cents; and
- during the last nine months ended December 31, 2023, acquisition-related costs of $176 million in connection with the KCS acquisition ($143 million after current income tax recovery of $33 million), including an expense of $71 million recognized in "Compensation and benefits" primarily related to restructuring costs, retention and synergy related incentive compensation costs; $2 million recognized in "Materials"; $99 million recognized in "Purchased services and other" primarily related to third party purchased services, and payments made to certain communities across the combined network to address the environmental and social impacts of increased traffic as required by voluntary agreements with communities and conditions imposed by the U.S. Surface Transportation Board (the "STB") pursuant to the STB's final decision approving the Company and KCS's joint merger application, including, but not limited to, payments related to new crossings, closure of existing crossings and other infrastructure projects; $3 million recognized in "Other (income) expense"; and $1 million of equity earnings from KCS recognized in Net income attributable to controlling shareholders, that unfavourably impacted Diluted EPS by 15 cents as follows:
  - in the fourth quarter, acquisition-related costs of $32 million ($24 million after current income tax recovery of $8 million), including costs of $7 million recognized in "Compensation and benefits", $1 million recognized in "Materials", and $24 million recognized in "Purchased services and other", that unfavourably impacted Diluted EPS by 2 cents;

- in the third quarter, acquisition-related costs of $24 million ($18 million after current income tax recovery of $6 million), including costs of $1 million recognized in "Compensation and benefits", $1 million recognized in "Materials", and $22 million recognized in "Purchased services and other", that unfavourably impacted Diluted EPS by 2 cents; and
- in the second quarter, acquisition-related costs of $120 million ($101 million after current income tax recovery of $19 million), including costs of $63 million recognized in "Compensation and benefits", $53 million recognized in "Purchased services and other", $3 million recognized in "Other (income) expense", and $1 million of equity earnings from KCS recognized in Net income attributable to controlling shareholders, that unfavourably impacted Diluted EPS by 11 cents.

KCS purchase accounting included in Net income attributable to controlling shareholders as reported on a GAAP basis for the first three months of 2025, the twelve months of 2024 and the last nine months ended December 31, 2023 was as follows:

2025:
- during the first quarter, KCS purchase accounting of $92 million ($67 million after deferred income tax recovery of $25 million), including costs of $87 million recognized in "Depreciation and amortization", $1 million recognized in "Purchased services and other" related to the amortization of equity investments, $5 million recognized in "Net interest expense", $1 million recognized in "Other expense (income)", and a recovery of $2 million recognized in "Net loss attributable to non-controlling interest", that unfavourably impacted Diluted EPS by 7 cents.

2024:
- during the course of the year, KCS purchase accounting of $352 million ($256 million after deferred income tax recovery of $96 million), including costs of $333 million recognized in "Depreciation and amortization", $3 million recognized in "Purchased services and other" related to the amortization of equity investments, $20 million recognized in "Net interest expense", $3 million recognized in "Other expense (income)", and a recovery of $7 million recognized in "Net loss attributable to non-controlling interest", that unfavourably impacted Diluted EPS by 27 cents as follows:
  - in the fourth quarter, KCS purchase accounting of $93 million ($68 million after deferred income tax recovery of $25 million), including costs of $87 million recognized in "Depreciation and amortization", $1 million recognized in "Purchased services and other" related to the amortization of equity investments, $6 million recognized in "Net interest expense", $1 million recognized in "Other expense (income)", and a recovery of $2 million recognized in "Net loss attributable to non-controlling interest", that unfavourably impacted Diluted EPS by 8 cents;
  - in the third quarter, KCS purchase accounting of $89 million ($65 million after deferred income tax recovery of $24 million), including costs of $85 million recognized in "Depreciation and amortization", $4 million recognized in "Net interest expense", $1 million recognized in "Other expense (income)", and a recovery of $1 million recognized in "Net loss attributable to non-controlling interest", that unfavourably impacted Diluted EPS by 7 cents;
  - in the second quarter, KCS purchase accounting of $86 million ($62 million after deferred income tax recovery of $24 million), including costs of $82 million recognized in "Depreciation and amortization", $1 million recognized in "Purchased services and other" related to the amortization of equity investments, $5 million recognized in "Net interest expense", and a recovery of $2 million recognized in "Net loss attributable to non-controlling interest", that unfavourably impacted Diluted EPS by 6 cents; and
  - in the first quarter of 2024, KCS purchase accounting of $84 million ($61 million after deferred income tax recovery of $23 million), including costs of $79 million recognized in "Depreciation and amortization", $1 million recognized in "Purchased services and other" related to the amortization of equity investments, $5 million recognized in "Net interest expense", $1 million recognized in "Other expense (income)", and a recovery of $2 million recognized in "Net loss attributable to non-controlling interest", that unfavourably impacted Diluted EPS by 7 cents.

2023:
- during the last nine months ended December 31, 2023, KCS purchase accounting of $255 million ($186 million after deferred income tax recovery of $69 million), including costs of $234 million recognized in "Depreciation and amortization", $1 million recognized in "Purchased services and other" related to the amortization of equity investments, $17 million recognized in "Net interest expense", $2 million recognized in "Other expense (income)", $6 million of equity earnings from KCS recognized in Net income attributable to controlling shareholders, and a recovery of $5 million recognized in "Net loss attributable to non-controlling interest", that unfavourably impacted Diluted EPS by 20 cents as follows:
  - in the fourth quarter, KCS purchase accounting of $87 million ($62 million after deferred income tax recovery of $25 million), including costs of $85 million recognized in "Depreciation and amortization", $1 million recognized in "Purchased services and other" related to the amortization of equity investments, $6 million recognized in "Net interest expense", and a recovery of $5 million recognized in "Net loss attributable to non-controlling interest", that unfavourably impacted Diluted EPS by 7 cents;
  - in the third quarter, KCS purchase accounting of $87 million ($63 million after deferred income tax recovery of $24 million), including costs of $81 million recognized in "Depreciation and amortization", $5 million recognized in "Net interest expense", and $1 million in recognized in "Other expense (income)", that unfavourably impacted Diluted EPS by 7 cents; and
  - in the second quarter, KCS purchase accounting of $81 million ($61 million after deferred income tax recovery of $20 million), including costs of $68 million recognized in "Depreciation and amortization", $6 million recognized in "Net interest expense", $1 million recognized in "Other expense (income)", and $6 million of equity earnings from KCS recognized in Net income attributable to controlling shareholders, that unfavourably impacted Diluted EPS by 6 cents.

Updated 2025 Outlook

As a result of the ongoing tariff and trade policy uncertainty, CPKC now expects 2025 Core adjusted diluted EPS growth of 10-14% versus 2024 Core adjusted combined diluted EPS of $4.25. For the purposes of this outlook, CPKC continues to assume mid-single digit RTM growth, Core adjusted effective tax rate of 24.50%, other components of net periodic benefit recovery to increase by $76 million versus 2024 and $2.9 billion in capital programs, with the year over year increase in capital versus 2024 driven largely by a higher expected USD/CAD FX rate.

The Core adjusted effective tax rate is a Non-GAAP measure, calculated as the effective tax rate adjusted for significant items as they are not considered indicative of future financial trends either by nature or amount nor provide comparability to past performance. The Company uses the Core adjusted effective tax rate to evaluate CPKC's operating performance and for planning and forecasting future profitability. Core adjusted effective tax rate also excludes KCS purchase accounting to provide financial statement users with additional transparency by isolating the impact of KCS purchase accounting. This Non-GAAP measure does not have a standardized meaning and is not defined by GAAP and, therefore, may not be comparable to similar measures presented by other companies.

Although CPKC has provided forward-looking Non-GAAP measures (Core adjusted diluted EPS and Core adjusted effective tax rate), management is unable to reconcile, without unreasonable efforts, the forward-looking Core adjusted diluted EPS and Core adjusted effective tax rate to the most comparable GAAP measures, due to unknown variables and uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value. In recent years, CPKC has recognized acquisition-related costs, KCS purchase accounting, adjustments to provisions and settlements of Mexican taxes, changes in income tax rates and a change to an uncertain tax item. These or other similar, large unforeseen transactions affect diluted EPS and effective tax rate but may be excluded from CPKC's Core adjusted diluted EPS and Core adjusted effective tax rate. Additionally, the U.S.-to-Canadian dollar exchange rate is unpredictable and can have a significant impact on CPKC's reported results but may be excluded from CPKC's Core adjusted diluted EPS and Core adjusted effective tax rate.

Reconciliation of GAAP Performance Measures to Non-GAAP Performance Measures

The following tables reconcile the most directly comparable measures presented in accordance with GAAP to the Non-GAAP measures:

Core Adjusted Income and Core Adjusted Diluted Earnings per Share

Core adjusted income is calculated as Net income attributable to controlling shareholders reported on a GAAP basis adjusted for significant items less KCS purchase accounting.

	For the three months ended March 31	
(in millions of Canadian dollars)	**2025**	2024
Net income attributable to controlling shareholders as reported	**$ 910**	$ 775
Less:		
Significant items (pre-tax):		
Adjustments to provisions and settlements of Mexican taxes	**—**	(10)
Acquisition-related costs	**(20)**	(26)
KCS purchase accounting	**(92)**	(84)
Add:		
Tax effect of adjustments[1]	**(30)**	(29)
Core adjusted income	**$ 992**	$ 866

[1] The tax effect of adjustments was calculated as the pre-tax effect of the significant items and KCS purchase accounting listed above multiplied by the applicable tax rate for the above items of 26.76% for the three months ended March 31, 2025 and 24.61% for the three months ended March 31, 2024. The applicable tax rates reflect the taxable jurisdictions and nature, being on account of capital or income, of the adjustments.

Core adjusted diluted EPS is calculated using Diluted EPS reported on a GAAP basis adjusted for significant items less KCS purchase accounting.

	For the three months ended March 31		For the year ended December 31
	2025	2024	2024
Diluted earnings per share as reported	**$ 0.97**	$ 0.83	$ 3.98
Less:			
Significant items (pre-tax):			
Adjustments to provisions and settlements of Mexican taxes	**—**	(0.01)	—
Acquisition-related costs	**(0.02)**	(0.03)	(0.12)
KCS purchase accounting	**(0.10)**	(0.09)	(0.38)
Add:			
Tax effect of adjustments[1]	**(0.03)**	(0.03)	(0.14)
Income tax rate changes	**—**	—	(0.09)
Core adjusted diluted earnings per share	**$ 1.06**	$ 0.93	$ 4.25

[1] The tax effect of adjustments was calculated as the pre-tax effect of the significant items and KCS purchase accounting listed above multiplied by the applicable tax rate for the above items of 26.76% for the three months ended March 31, 2025, 24.61% for the three months ended March 31, 2024, and 27.13% for the year ended December 31, 2024. The applicable tax rates reflect the taxable jurisdictions and nature, being on account of capital or income, of the adjustments.

Core Adjusted Operating Income and Core Adjusted Operating Ratio

Core adjusted operating income and Core adjusted operating ratio are calculated from reported GAAP revenue and operating expenses adjusted for, where applicable, (1) significant items (acquisition-related costs and adjustments to provisions and settlement of Mexican taxes) that are reported within Operating income, and (2) KCS purchase accounting recognized in "Depreciation and amortization" and "Purchased services and other".

(in millions of Canadian dollars)	For the three months ended March 31 2025	2024
Operating income as reported	**$ 1,317**	$ 1,149
Less:		
Adjustments to provisions and settlements of Mexican taxes	**—**	(10)
Acquisition-related costs	**(20)**	(26)
KCS purchase accounting in Operating expenses	**(88)**	(80)
Core adjusted operating income	**$ 1,425**	**$ 1,265**

	For the three months ended March 31 2025	2024
Operating ratio as reported	**65.3 %**	67.4 %
Less:		
Adjustments to provisions and settlements of Mexican taxes	**— %**	0.3 %
Acquisition-related costs	**0.5 %**	0.8 %
KCS purchase accounting in Operating expenses	**2.3 %**	2.3 %
Core adjusted operating ratio	**62.5 %**	**64.0 %**

Adjusted Free Cash

Adjusted free cash is calculated as Net cash provided by operating activities, less Net cash used in investing activities, adjusted for changes in Cash and cash equivalents balances resulting from FX fluctuations, and the operating cash flow impacts of acquisition-related costs associated with the KCS acquisition, settlements of Mexican taxes, and settlement of foreign currency forward contracts, net of tax. The acquisition-related costs associated with the KCS acquisition, settlements of Mexican taxes, and settlement of foreign currency forward contracts, net of tax, are not indicative of operating trends and have been excluded from Adjusted free cash. Adjusted free cash is useful to investors and other external users of the Company's Interim Consolidated Financial Statements as it assists with the evaluation of the Company's ability to generate cash to satisfy debt obligations and other activities such as dividends, share repurchase programs, and other strategic opportunities, and is an important performance criterion in determining certain elements of the Company's long-term incentive plan. Adjusted free cash should be considered in addition to, rather than as a substitute for, Net cash provided by operating activities.

Reconciliation of Net Cash Provided by Operating Activities to Adjusted Free Cash

(in millions of Canadian dollars)	For the three months ended March 31 2025	2024
Net cash provided by operating activities as reported	**$ 1,156**	$ 1,015
Net cash used in investing activities	**(715)**	(542)
Effect of foreign currency fluctuations on foreign currency-denominated cash and cash equivalents	**(1)**	13
Less:		
Settlements of Mexican taxes	**(11)**	(1)
Settlement of foreign currency forward contracts, net of tax	**—**	(46)
Acquisition-related costs	**(15)**	(22)
Adjusted free cash	**$ 466**	$ 555

Foreign Exchange Adjusted % Change

FX adjusted % change allows certain financial results to be viewed without the impact of fluctuations in FX rates, thereby facilitating period-to-period comparisons in the analysis of trends in business performance. Financial result variances at constant currency are obtained by translating the comparable period of the prior year's results denominated in U.S. dollars at the FX rates of the current period.

FX adjusted % changes in revenues are also used in calculating FX adjusted % change in Freight revenue per carload and per RTM. FX adjusted % changes in revenues are as follows:

	For the three months ended March 31				
(in millions of Canadian dollars)	**Reported 2025**	Reported 2024	Variance due to FX	FX Adjusted 2024	FX Adjusted % Change
Freight revenues by line of business					
Grain	**$ 788**	$ 730	$ 31	$ 761	4
Coal	**257**	209	3	212	21
Potash	**156**	137	5	142	10
Fertilizers and sulphur	**114**	104	5	109	5
Forest products	**217**	202	10	212	2
Energy, chemicals and plastics	**758**	702	33	735	3
Metals, minerals and consumer products	**448**	440	11	451	(1)
Automotive	**315**	265	3	268	18
Intermodal	**674**	638	13	651	4
Freight revenues	**3,727**	3,427	114	3,541	5
Non-freight revenues	**68**	93	1	94	(28)
Total revenues	**$ 3,795**	$ 3,520	$ 115	$ 3,635	4

FX adjusted % changes in Operating expenses are as follows:

	For the three months ended March 31				
(in millions of Canadian dollars)	**Reported 2025**	Reported 2024	Variance due to FX	FX Adjusted 2024	FX Adjusted % Change
Compensation and benefits	**$ 682**	$ 690	$ 7	$ 697	(2)
Fuel	**481**	458	11	469	3
Materials	**124**	94	—	94	32
Equipment rents	**99**	82	5	87	14
Depreciation and amortization	**504**	467	19	486	4
Purchased services and other	**588**	580	14	594	(1)
Total operating expenses	**$ 2,478**	$ 2,371	$ 56	$ 2,427	2

FX adjusted % change in Operating income is as follows:

	For the three months ended March 31				
(in millions of Canadian dollars)	**Reported 2025**	Reported 2024	Variance due to FX	FX Adjusted 2024	FX Adjusted % Change
Total revenues	**$ 3,795**	$ 3,520	$ 115	$ 3,635	4
Total operating expenses	**2,478**	2,371	56	2,427	2
Operating income	**$ 1,317**	$ 1,149	$ 59	$ 1,208	9

Adjusted Net Debt to Adjusted EBITDA Ratio

Beginning in the first quarter of 2025, Adjusted net debt to adjusted EBITDA ratio has been used in continuity of the Non-GAAP measure previously known as Adjusted combined net debt to adjusted combined EBITDA ratio. Adjusted combined net debt to adjusted combined EBITDA ratio as previously reported in the first quarter of 2024 included certain combination adjustments for KCS within Adjusted combined EBITDA for the period from April 1 to April 13, 2023 when the Company included the results of KCS by the equity method of accounting in its reported results. These combination adjustments were removed from Adjusted EBITDA for the twelve months ended March 31, 2024 to present Adjusted net debt to adjusted EBITDA ratio on a comparable basis, however, the ratio remains the same as previously reported.

Adjusted net debt to adjusted EBITDA ratio is calculated as Adjusted net debt divided by Adjusted EBITDA. The Adjusted net debt to adjusted EBITDA ratio is a key credit measure used to assess the Company's financial capacity. The ratio provides information on the Company's ability to service its debt and other long-term obligations from operations, excluding significant items, and is an important performance criterion in determining certain elements of the Company's long-term incentive plan. The Adjusted net debt to adjusted EBITDA ratio which is reconciled below from the Long-term debt to Net income attributable to controlling shareholders ratio, the most comparable measure calculated in accordance with GAAP.

Calculation of Long-term Debt to Net Income Attributable to Controlling Shareholders Ratio

The Long-term debt to Net income attributable to controlling shareholders ratio is calculated as Long-term debt, including Long-term debt maturing within one year, divided by Net income attributable to controlling shareholders.

(in millions of Canadian dollars, except for ratios)	2025	2024
Long-term debt including long-term debt maturing within one year as at March 31	$ 22,652	$ 22,728
Net income attributable to controlling shareholders for the twelve months ended March 31	3,853	3,902
Long-term debt to Net income attributable to controlling shareholders ratio	**5.9**	5.8

Reconciliation of Long-term Debt to Adjusted Net Debt

Adjusted net debt is defined as Long-term debt and Long-term debt maturing within one year, as reported on the Company's Consolidated Balance Sheets adjusted for pension plans' deficit, operating lease liabilities, Cash and cash equivalents, and the fair value adjustment to KCS debt on the Control Date which is recognized under Long-term debt on the Company''s Consolidated Balance Sheets. Adjusted net debt is used as a measure of debt and long-term obligations as part of the calculation of Adjusted net debt to Adjusted EBITDA.

(in millions of Canadian dollars)	2025	2024
Long-term debt including long-term debt maturing within one year as at March 31	**$ 22,652**	$ 22,728
Add:		
Pension plans deficit[1]	**161**	173
Operating lease liabilities	**392**	348
Less:		
Fair value adjustment to KCS debt upon Control[2]	**(495)**	(479)
Cash and cash equivalents	**695**	519
Adjusted net debt	**$ 23,005**	$ 23,209

(1) Pension plans' deficit is the total funded status of the Pension plans in deficit only.

(2) The fair value adjustment to KCS debt upon control represents the fair value adjustment based on the purchase price allocation at fair value, net of amortization of fair value adjustments from April 14, 2023 and the foreign currency translation impact on the fair value adjustment.

Reconciliation of Net Income Attributable to Controlling Shareholders to Adjusted EBITDA

Adjusted EBITDA is calculated as Net income attributable to controlling shareholders before Net interest expense, Income tax expense (recovery), Depreciation and amortization, and Operating lease expense recognized on the Company's Consolidated Statement of Income, excluding significant items reported in "Operating income" and "Other expense (income)", less "Other components of net periodic benefit recovery" recognized on the Company's Consolidated Statement of Income. Adjusted EBITDA is used as a performance measure derived from operating results, excluding significant items, as part of the calculation of Adjusted net debt to adjusted EBITDA. Detailed quarterly information on significant items that occurred within the 12 months ended March 31, 2025 and 2024 can be found under the earlier section *Core Adjusted Income and Core Adjusted Diluted Earnings Per Share.*

	For the twelve months ended March 31	
(in millions of Canadian dollars)	**2025**	2024
Net income attributable to controlling shareholders as reported	**$ 3,853**	$ 3,902
Add:		
Net interest expense	**811**	823
Income tax expense (recovery)	**1,092**	(6,880)
Depreciation and amortization	**1,937**	1,785
Operating lease expense	**114**	100
Less:		
Significant items (pre-tax):		
Adjustments to provisions and settlements of Mexican taxes	**14**	(10)
Acquisition-related costs	**(106)**	(202)
Remeasurement loss of Kansas City Southern	**—**	(7,175)
Other components of net periodic benefit recovery	**371**	329
Adjusted EBITDA	**$ 7,528**	$ 6,788

Calculation of Adjusted Net Debt to Adjusted EBITDA Ratio

(in millions of Canadian dollars, except for ratios)	2025	2024
Adjusted net debt as at March 31	**$ 23,005**	$ 23,209
Adjusted EBITDA for the twelve months ended March 31	**7,528**	6,788
Adjusted net debt to adjusted EBITDA ratio	**3.1**	3.4

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission File Number 001-01342

Canadian Pacific Kansas City Limited
(Exact name of registrant as specified in its charter)

Canada	**98-0355078**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
7550 Ogden Dale Road S.E., Calgary, Alberta, Canada	**T2C 4X9**
(Address of principal executive offices)	(Zip Code)

(403) 319-7000

Registrant's Telephone Number, Including Area Code:

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which Registered
Common Shares, without par value, of Canadian Pacific Kansas City Limited	**CP**	**New York Stock Exchange**
Common Shares, without par value, of Canadian Pacific Kansas City Limited	**CP**	**Toronto Stock Exchange**
Perpetual 4% Consolidated Debenture Stock of Canadian Pacific Railway Company	**CP40**	**New York Stock Exchange**
Perpetual 4% Consolidated Debenture Stock of Canadian Pacific Railway Company	**BC87**	**London Stock Exchange**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☑	Accelerated Filer ☐	Non-accelerated Filer ☐	Smaller Reporting Company ☐	Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of the close of business on April 29, 2025, there were 930,456,061 of the registrant's Common Shares issued and outstanding.

CANADIAN PACIFIC KANSAS CITY LIMITED
FORM 10-Q
TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

		Page
Item 1.	Financial Statements:	
	Interim Consolidated Statements of Income (Unaudited) For the Three Months Ended March 31, 2025 and 2024	2
	Interim Consolidated Statements of Comprehensive Income (Unaudited) For the Three Months Ended March 31, 2025 and 2024	3
	Interim Consolidated Balance Sheets (Unaudited) As at March 31, 2025 and December 31, 2024	4
	Interim Consolidated Statements of Cash Flows (Unaudited) For the Three Months Ended March 31, 2025 and 2024	5
	Interim Consolidated Statements of Changes in Equity (Unaudited) For the Three Months Ended March 31, 2025 and 2024	6
	Notes to Interim Consolidated Financial Statements (Unaudited)	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	16
	Executive Summary	16
	Performance Indicators	17
	Financial Highlights	18
	Results of Operations	18
	Liquidity and Capital Resources	24
	Share Capital	28
	Non-GAAP Measures	28
	Critical Accounting Estimates	30
	Forward-Looking Statements	31
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	33
Item 4.	Controls and Procedures	34

PART II - OTHER INFORMATION

Item 1.	Legal Proceedings	35
Item 1A.	Risk Factors	35
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	35
Item 3.	Defaults Upon Senior Securities	35
Item 4.	Mine Safety Disclosures	35
Item 5.	Other Information	35
Item 6.	Exhibits	36
	Signature	53

PART I

ITEM 1. FINANCIAL STATEMENTS

INTERIM CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

	For the three months ended March 31	
(in millions of Canadian dollars, except share and per share data)	**2025**	2024
Revenues (Note 3)		
Freight	**$ 3,727**	$ 3,427
Non-freight	**68**	93
Total revenues	**3,795**	3,520
Operating expenses		
Compensation and benefits	**682**	690
Fuel	**481**	458
Materials	**124**	94
Equipment rents	**99**	82
Depreciation and amortization	**504**	467
Purchased services and other	**588**	580
Total operating expenses	**2,478**	2,371
Operating income	**1,317**	1,149
Other expense (income)	**7**	(2)
Other components of net periodic benefit recovery (Note 11)	**(107)**	(88)
Net interest expense	**216**	206
Income before income tax expense	**1,201**	1,033
Current income tax expense	**266**	242
Deferred income tax expense	**26**	17
Income tax expense (Note 4)	**292**	259
Net income	**$ 909**	$ 774
Net loss attributable to non-controlling interest	**(1)**	(1)
Net income attributable to controlling shareholders	**$ 910**	$ 775
Earnings per share (Note 5)		
Basic earnings per share	**$ 0.98**	$ 0.83
Diluted earnings per share	**$ 0.97**	$ 0.83
Weighted-average number of shares (millions) (Note 5)		
Basic	**933.2**	932.4
Diluted	**934.3**	934.4
Dividends declared per share	**$ 0.19**	$ 0.19

See Notes to Interim Consolidated Financial Statements.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

(in millions of Canadian dollars)	For the three months ended March 31 2025	2024
Net income	**$ 909**	$ 774
Net (loss) gain in foreign currency translation adjustments, net of hedging activities	**(29)**	699
Change in derivatives designated as cash flow hedges	**1**	1
Change in pension and post-retirement defined benefit plans	**3**	12
Other comprehensive (loss) income before income taxes	**(25)**	712
Income tax (expense) recovery	**(3)**	6
Other comprehensive (loss) income (Note 6)	**(28)**	718
Comprehensive income	**$ 881**	$ 1,492
Comprehensive (loss) income attributable to non-controlling interest	**(2)**	22
Comprehensive income attributable to controlling shareholders	**$ 883**	$ 1,470

See Notes to Interim Consolidated Financial Statements.

INTERIM CONSOLIDATED BALANCE SHEETS AS AT
(unaudited)

(in millions of Canadian dollars)	**March 31 2025**	December 31 2024
Assets		
Current assets		
Cash and cash equivalents	**$ 695**	$ 739
Accounts receivable, net (Note 7)	**2,044**	1,968
Materials and supplies	**466**	457
Other current assets	**255**	220
	3,460	3,384
Investments	**588**	586
Properties	**56,165**	56,024
Goodwill	**19,333**	19,350
Intangible assets	**3,120**	3,146
Pension asset	**4,684**	4,586
Other assets	**690**	668
Total assets	**$ 88,040**	$ 87,744
Liabilities and equity		
Current liabilities		
Accounts payable and accrued liabilities	**$ 2,735**	$ 2,842
Long-term debt maturing within one year (Note 8, 9)	**1,512**	2,819
	4,247	5,661
Pension and other benefit liabilities	**547**	548
Other long-term liabilities	**866**	867
Long-term debt (Note 8, 9)	**21,140**	19,804
Deferred income taxes	**11,997**	11,974
Total liabilities	**38,797**	38,854
Shareholders' equity		
Share capital	**25,603**	25,689
Additional paid-in capital	**107**	94
Accumulated other comprehensive income (Note 6)	**2,653**	2,680
Retained earnings	**19,883**	19,429
	48,246	47,892
Non-controlling interest	**997**	998
Total equity	**49,243**	48,890
Total liabilities and equity	**$ 88,040**	$ 87,744

See Contingencies (Note 13).

See Notes to Interim Consolidated Financial Statements.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(in millions of Canadian dollars)	For the three months ended March 31 2025	2024
Operating activities		
Net income	**$ 909**	$ 774
Reconciliation of net income to cash provided by operating activities:		
Depreciation and amortization	**504**	467
Deferred income tax expense	**26**	17
Pension recovery and funding (Note 11)	**(95)**	(76)
Settlement of Mexican taxes (Note 4)	**(11)**	—
Settlement of foreign currency forward contracts (Note 9)	**—**	(65)
Other operating activities, net	**(11)**	1
Changes in non-cash working capital balances related to operations	**(166)**	(103)
Net cash provided by operating activities	**1,156**	1,015
Investing activities		
Additions to properties	**(711)**	(527)
Additions to Meridian Speedway properties	**(12)**	(4)
Proceeds from sale of properties and other assets	**11**	1
Other investing activities, net	**(3)**	(12)
Net cash used in investing activities	**(715)**	(542)
Financing activities		
Dividends paid	**(177)**	(177)
Issuance of Common Shares	**8**	22
Purchase of Common Shares (Note 10)	**(347)**	—
Repayment of long-term debt, excluding commercial paper (Note 8)	**(935)**	(71)
Issuance of long-term debt, excluding commercial paper (Note 8)	**1,710**	—
Net repayment of commercial paper (Note 8)	**(453)**	(205)
Net repayment of short term borrowings (Note 8)	**(285)**	—
Other financing activities, net	**(5)**	—
Net cash used in financing activities	**(484)**	(431)
Effect of foreign currency fluctuations on foreign-denominated cash and cash equivalents	**(1)**	13
Cash position		
Net (decrease) increase in cash and cash equivalents	**(44)**	55
Cash and cash equivalents at beginning of period	**739**	464
Cash and cash equivalents at end of period	**$ 695**	$ 519
Supplemental cash flow information		
Income taxes paid	**$ 237**	$ 242
Interest paid	**$ 180**	$ 245

See Notes to Interim Consolidated Financial Statements.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(unaudited)

(in millions of Canadian dollars except per share data)	Common shares (in millions)	Share capital	Additional paid-in capital	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity	Non-controlling interest	Total equity
	For the three months ended March 31							
Balance as at January 1, 2025	**933.5**	**$ 25,689**	**$ 94**	**$ 2,680**	**$ 19,429**	**$ 47,892**	**$ 998**	**$ 48,890**
Net income (loss)	**—**	**—**	**—**	**—**	**910**	**910**	**(1)**	**909**
Contribution from non-controlling interest	**—**	**—**	**—**	**—**	**—**	**—**	**1**	**1**
Other comprehensive loss (Note 6)	**—**	**—**	**—**	**(27)**	**—**	**(27)**	**(1)**	**(28)**
Dividends declared ($0.19 per share)	**—**	**—**	**—**	**—**	**(177)**	**(177)**	**—**	**(177)**
Effect of stock-based compensation expense	**—**	**—**	**16**	**—**	**—**	**16**	**—**	**16**
Common Shares repurchased (Note 10)	**(3.3)**	**(96)**	**—**	**—**	**(279)**	**(375)**	**—**	**(375)**
Shares issued under stock option plan	**0.2**	**10**	**(3)**	**—**	**—**	**7**	**—**	**7**
Balance as at March 31, 2025	**930.4**	**$ 25,603**	**$ 107**	**$ 2,653**	**$ 19,883**	**$ 48,246**	**$ 997**	**$ 49,243**
Balance as at January 1, 2024	932.1	$ 25,602	$ 88	$ (618)	$ 16,420	$ 41,492	$ 919	$ 42,411
Net income (loss)	—	—	—	—	775	775	(1)	774
Contribution from non-controlling interest	—	—	—	—	—	—	1	1
Other comprehensive income (Note 6)	—	—	—	695	—	695	23	718
Dividends declared ($0.19 per share)	—	—	—	—	(177)	(177)	—	(177)
Effect of stock-based compensation expense	—	—	13	—	—	13	—	13
Shares issued under stock option plan	0.5	27	(6)	—	—	21	—	21
Balance as at March 31, 2024	932.6	$ 25,629	$ 95	$ 77	$ 17,018	$ 42,819	$ 942	$ 43,761

See Notes to Interim Consolidated Financial Statements.

1 Description of business and basis of presentation

Canadian Pacific Kansas City Limited ("CPKC" or the "Company") owns and operates a transcontinental freight railway spanning Canada, the United States ("U.S."), and Mexico. CPKC provides rail and intermodal transportation services over a network of approximately 20,000 miles, serving principal business centres across Canada, the U.S., and Mexico. The Company transports bulk commodities, merchandise, and intermodal freight. CPKC's Common Shares ("Common Shares") trade on the Toronto Stock Exchange and New York Stock Exchange under the symbol "CP".

These unaudited interim consolidated financial statements ("Interim Consolidated Financial Statements") have been prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP"). They do not include all of the information required for a complete set of annual financial statements prepared in accordance with GAAP and should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended December 31, 2024 ("last annual consolidated financial statements"). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and results of operations since the last annual consolidated financial statements. These Interim Consolidated Financial Statements have been prepared using the same significant accounting policies used in the last annual consolidated financial statements. Amounts are stated in Canadian dollars unless otherwise noted.

The Company's operations and income for interim periods can be affected by seasonal fluctuations such as changes in customer demand and weather conditions, and may not be indicative of annual results.

Operating segment

The Company only has one operating segment: rail transportation. The Company's measure of segment profit is reported on the Interim Consolidated Statements of Income as "Net income attributable to controlling shareholders". CPKC's significant segment expenses are consistent with the expenses presented on the Interim Consolidated Statements of Income.

2 Accounting changes

Recently adopted accounting standards

The accounting standards that have become effective during the three months ended March 31, 2025 did not have a material impact on the Interim Consolidated Financial Statements.

Accounting standards not yet adopted

Recently issued accounting pronouncements are not expected to have a material impact on the Company's financial position or results of operations when they are adopted.

3 Revenues

The following table presents disaggregated information about the Company’s revenues from contracts with customers by major source:

(in millions of Canadian dollars)	For the three months ended March 31 2025	2024
Grain	**$ 788**	$ 730
Coal	**257**	209
Potash	**156**	137
Fertilizers and sulphur	**114**	104
Forest products	**217**	202
Energy, chemicals and plastics	**758**	702
Metals, minerals and consumer products	**448**	440
Automotive	**315**	265
Intermodal	**674**	638
Total freight revenues	**3,727**	3,427
Non-freight excluding leasing revenues	**41**	63
Revenues from contracts with customers	**3,768**	3,490
Leasing revenues	**27**	30
Total revenues	**$ 3,795**	$ 3,520

4 Income taxes

The effective income tax rate including discrete items for the three months ended March 31, 2025 was 24.32%, compared to 25.09% for the same period of 2024.

For the three months ended March 31, 2025, the effective income tax rate was 24.50%, excluding the discrete items of amortization of business acquisition fair value adjustments of $94 million, and acquisition-related costs incurred by the Company of $20 million.

For the three months ended March 31, 2024, the effective income tax rate was 25.00%, excluding the discrete items of amortization of business acquisition fair value adjustments of $86 million, acquisition-related costs incurred by CPKC of $26 million, and adjustments to provisions for Mexican taxes of $10 million recognized in "Compensation and benefits".

Mexican Tax Settlements

During the three months ended March 31, 2025, the company received final audit letters for Kansas City Southern de México, S.A. de C.V. (also known as Canadian Pacific Kansas City Mexico) ("CPKCM") for 2021 and a payment of $11 million was made in respect of that year.

2014 Tax Assessment

CPKCM's 2014 Tax Assessment is currently in litigation before the Federal Collegiate Circuit Courts (see Note 13).

5 Earnings per share

(in millions, except per share data)	For the three months ended March 31 **2025**	2024
Net income attributable to controlling shareholders	**$ 910**	$ 775
Weighted-average basic shares outstanding	**933.2**	932.4
Dilutive effect of stock options	**1.1**	2.0
Weighted-average diluted shares outstanding	**934.3**	934.4
Earnings per share - basic	**$ 0.98**	$ 0.83
Earnings per share - diluted	**$ 0.97**	$ 0.83

For the three months ended March 31, 2025, there were 1.5 million stock options excluded from the computation of diluted earnings per share because their effects were not dilutive (three months ended March 31, 2024 - 0.3 million).

6 Changes in Accumulated other comprehensive income ("AOCI") by component

Changes in AOCI attributable to controlling shareholders, net of tax, by component are as follows:

	For the three months ended March 31				
(in millions of Canadian dollars)	Foreign currency net of hedging activities	Derivatives	Pension and post-retirement defined benefit plans	Equity accounted investments	Total
Opening balance, January 1, 2025	**$ 3,413**	**$ 10**	**$ (738)**	**$ (5)**	**$ 2,680**
Other comprehensive loss before reclassifications	**(28)**	**—**	**—**	**—**	**(28)**
Amounts reclassified from AOCI	**—**	**—**	**1**	**—**	**1**
Net other comprehensive (loss) income	**(28)**	**—**	**1**	**—**	**(27)**
Balance as at March 31, 2025	**$ 3,385**	**$ 10**	**$ (737)**	**$ (5)**	**$ 2,653**
Opening balance, January 1, 2024	$ 837	$ 5	$ (1,463)	$ 3	$ (618)
Other comprehensive income before reclassifications	685	—	—	—	685
Amounts reclassified from AOCI	—	1	9	—	10
Net other comprehensive income	685	1	9	—	695
Balance as at March 31, 2024	$ 1,522	$ 6	$ (1,454)	$ 3	$ 77

7 Accounts receivable, net

(in millions of Canadian dollars)	As at March 31, 2025	As at December 31, 2024
Total accounts receivable	**$ 2,150**	$ 2,066
Allowance for credit losses	**(106)**	(98)
Total accounts receivable, net	**$ 2,044**	$ 1,968

8 Debt

During the three months ended March 31, 2025, the Company repaid, at maturity, the remaining balance of U.S. $642 million ($930 million) on its 2.90% 10-year Notes.

Issuance of long-term debt

During the three months ended March 31, 2025, the Company issued U.S. $600 million 4.80% 5-year unsecured notes due March 30, 2030 for net proceeds of approximately U.S. $596 million ($857 million) and U.S. $600 million 5.20% 10-year unsecured notes due March 30, 2035 for net proceeds of approximately U.S. $593 million ($853 million). These notes pay interest semi-annually and carry a negative pledge.

Term credit facility

During the three months ended March 31, 2025, the Company entered into, and fully repaid, a U.S. $500 million unsecured non-revolving term credit facility (the "term facility"). The Company presents draws and repayments on its term facility in the Interim Consolidated Statements of Cash Flows on a net basis.

Credit facility

The Company's revolving credit facility agreement (the "facility") consists of a five-year U.S. $1.1 billion tranche maturing June 25, 2029 and a two-year U.S. $1.1 billion tranche maturing June 25, 2026. As at December 31, 2024 the Company had U.S. $200 million drawn from the two-year U.S. $1.1 billion tranche, which was subsequently repaid in full during the first quarter of 2025. As at March 31, 2025, the facility was undrawn (December 31, 2024 - U.S. $200 million ($288 million)). The Company presents draws and repayments on the facility in the Interim Consolidated Statements of Cash Flows on a net basis.

Commercial paper program

The Company has a commercial paper program, under which it may issue up to a maximum aggregate principal amount of U.S. $1.5 billion in the form of unsecured promissory notes. This commercial paper program is backed by a U.S. $2.2 billion revolving credit facility. As at March 31, 2025, the Company had total commercial paper borrowings outstanding of U.S. $786 million ($1,129 million) included in "Long-term debt maturing within one year" on the Company's Interim Consolidated Balance Sheets (December 31, 2024 - U.S. $1,102 million ($1,586 million)). The weighted-average interest rate on these borrowings as at March 31, 2025 was 4.60% (December 31, 2024 - 4.75%). The Company presents issuances and repayments of commercial paper, all of which have a maturity of less than 90 days, in the Interim Consolidated Statements of Cash Flows on a net basis.

9 Financial instruments

A. Fair values of financial instruments

The Company categorizes its financial assets and liabilities measured at fair value into a three-level hierarchy that prioritizes those inputs to valuation techniques used to measure fair value based on the degree to which they are observable. The three levels of the fair value hierarchy are as follows: Level 1 inputs are quoted prices in active markets for identical assets and liabilities; Level 2 inputs, other than quoted prices included within Level 1, are observable for the asset or liability either directly or indirectly; and Level 3 inputs are not observable in the market.

The Company’s short-term financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and short-term borrowings, including commercial paper and term loans. The carrying value of short-term financial instruments approximate their fair value.

The carrying value of the Company’s debt does not approximate its fair value. The estimated fair value has been determined based on market information, where available, or by discounting future payments of principal and interest at estimated interest rates expected to be available to the Company at the balance sheet date. All measurements are classified as Level 2. The Company’s long-term debt, including current maturities, with a carrying value of $21,523 million as at March 31, 2025 (December 31, 2024 - $20,749 million), had a fair value of $19,853 million (December 31, 2024 - $18,911 million).

B. Financial risk management

FX management

Net investment hedge

The majority of the Company’s U.S. dollar-denominated long-term debt, finance lease obligations, and operating lease liabilities have been designated as a hedge of the Company's net investment in foreign subsidiaries. This designation has the effect of mitigating volatility on Net income by offsetting long-term FX gains and losses on U.S. dollar-denominated long-term debt and gains and losses on its net investment. The effect of the Company's net investment hedge included in "Other comprehensive (loss) income" for the three months ended March 31, 2025 was an unrealized FX gain of $6 million (three months ended March 31, 2024 - unrealized FX loss of $103 million).

Mexican Peso- U.S. dollar FX Forward contracts

The Company’s Mexican subsidiaries have net U.S. dollar-denominated monetary assets or liabilities which, for Mexican income tax purposes, are subject to periodic revaluation based on changes in the value of the Mexican peso ("Ps.") against the U.S dollar. This revaluation creates fluctuations in the Company’s Mexican income tax expense and the amount of income taxes paid in Mexican pesos. The Company also has monetary assets or liabilities denominated in Mexican pesos that are subject to periodic re-measurement and settlement that create fluctuations within "Other expense (income)". Until January 2024, the Company had hedged its net exposure to Ps./U.S. dollar fluctuations in earnings with foreign currency forward contracts. The foreign currency forward contracts involved the Company’s agreement to buy or sell Ps. at an agreed-upon exchange rate on a future date.

The Company measured the foreign currency derivative contracts at fair value each period and recognized any change in "Other expense (income)". The cash flows associated with these instruments were classified as "Operating activities" in the Interim Consolidated Statements of Cash Flows. The Company's foreign currency forward contracts were executed with counterparties in the U.S. and were governed by International Swaps and Derivatives Association agreements that included standard netting arrangements.

On January 12, 2024, the Company settled all outstanding foreign currency forward contracts, resulting in a cash outflow of $65 million. During the three months ended March 31, 2025, the Company recorded $nil related to foreign exchange currency forwards (three months ended March 31, 2024 - loss of $4 million). As of March 31, 2025 the Company had no outstanding foreign currency forward contracts (December 31, 2024 - $nil).

10 Share repurchases

On February 27, 2025, the Company announced a normal course issuer bid ("NCIB"), commencing March 3, 2025, to purchase up to 37.3 million Common Shares in the open market for cancellation on or before March 2, 2026. All purchases were made in accordance with the respective NCIB at prevailing market prices plus brokerage fees, with consideration allocated to "Share capital" up to the average carrying amount of the shares and any excess allocated to "Retained earnings".

In accordance with Canadian federal income tax legislation, the Company has accrued for a two percent tax on the fair market value of shares repurchased (net of qualifying issuances of equity) as a direct cost of common share repurchases recorded in Shareholders' equity. The Company has accrued a liability of $7 million for the tax due on the net share repurchases made in the first three months of 2025, payable within the first quarter of the following year.

The following table provides activities under the share repurchase program:

	For the three months ended March 31 2025
Number of Common Shares repurchased[1]	**3,480,658**
Weighted-average price per share[2]	**$107.68**
Amount of repurchase (in millions of Canadian dollars)[2]	**$375**

[1] Includes shares repurchased but not yet cancelled at end of period.
[2] Includes brokerage fees and applicable tax on share repurchases.

11 Pension and other benefits

During the three months ended March 31, 2025, the Company made contributions to its defined benefit pension plans of $4 million (three months ended March 31, 2024 - $3 million).

Net periodic benefit (recovery) cost for defined benefit pension plans and other benefits included the following components:

	For the three months ended March 31					
	Pensions		**Other benefits**		**Total**	
(in millions of Canadian dollars)	**2025**	2024	**2025**	2024	**2025**	2024
Current service cost	**$ 21**	$ 21	**$ 3**	$ 3	**$ 24**	$ 24
Other components of net periodic benefit (recovery) cost:						
Interest cost on benefit obligation	**117**	117	**5**	6	**122**	123
Expected return on plan assets	**(232)**	(223)	**—**	—	**(232)**	(223)
Recognized net actuarial loss	**2**	10	**—**	—	**2**	10
Amortization of prior service costs	**1**	2	**—**	—	**1**	2
Total other components of net periodic benefit (recovery) cost	**(112)**	(94)	**5**	6	**(107)**	(88)
Net periodic benefit (recovery) cost	**$ (91)**	$ (73)	**$ 8**	$ 9	**$ (83)**	$ (64)

12 Stock-based compensation

As at March 31, 2025, the Company had several stock-based compensation plans including a stock options plan, various cash-settled liability plans, and an employee share purchase plan. These plans resulted in an expense for the three months ended March 31, 2025 of $34 million (three months ended March 31, 2024 - expense of $59 million).

Stock options plan

In the three months ended March 31, 2025, under the Company's stock options plan, the Company issued 967,335 options at the weighted-average price of $110.48 per share, based on the closing price on the grant date. Pursuant to the employee plan, these options may be exercised upon vesting, which is between 12 months and 48 months after the grant date, and will expire seven years from the grant date.

Under the fair value method, the fair value of the stock options at the grant date was approximately $28 million.

Performance share unit plans

During the three months ended March 31, 2025, the Company issued 594,802 Performance Share Units ("PSUs") with a grant date fair value of $66 million and 24,149 Performance Deferred Share Units ("PDSUs") with a grant date fair value, including the fair value of expected future matching units, of $3 million. PSUs and PDSUs attract dividend equivalents in the form of additional units based on dividends paid on the Company's Common Shares, and vest three to four years after the grant date, contingent on the Company's performance ("performance factor"). Vested PSUs are settled in cash. Vested PDSUs are converted into DSUs pursuant to the DSU plan, are eligible for a 25% Company match if the employee has not exceeded their Common Share ownership requirements, and are settled in cash only when the holder ceases their employment with the Company.

The performance period for all PSUs and all PDSUs granted in the three months ended March 31, 2025 is January 1, 2025 to December 31, 2027 and the performance factors are Free Cash Flow ("FCF") and Total Shareholder Return ("TSR"), compared to the S&P/TSX 60 Index, TSR compared to the S&P 500 Industrials Index, and TSR compared to Class I railways.

The performance period for all of the 415,660 PSUs and 13,506 PDSUs granted in 2022 was January 1, 2022 to December 31, 2024, and the performance factors were FCF, Adjusted net debt to Adjusted EBITDA Modifier, TSR compared to the S&P/TSX 60 Index, and TSR compared to the S&P 500 Industrials Index. The resulting payout was 120% of the outstanding units multiplied by the Company's average common share price calculated based on the last 30 trading days preceding December 31, 2024. In the first quarter of 2025, payouts were $48 million on 381,759 PSUs, including dividends reinvested. The 9,774 PDSUs that vested on December 31, 2024, with a fair value of $2 million, including dividends reinvested and matching units, will be paid out in future reporting periods pursuant to the DSU plan (as described above).

13 Contingencies

Litigation

In the normal course of its operations, the Company becomes involved in various legal actions, including claims relating to injuries and damage to property. The Company maintains provisions it considers to be adequate for such actions. While the final outcome with respect to actions outstanding or pending at March 31, 2025 cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the Company's business, financial position, results of operations, or liquidity. However, an unexpected adverse resolution of one or more of these legal actions could have a material adverse effect on the Company's business, financial position, results of operations, or liquidity in a particular quarter or fiscal year.

Legal proceedings related to Lac-Mégantic rail accident

On July 6, 2013, a train carrying petroleum crude oil operated by Montréal Maine and Atlantic Railway ("MMAR") or a subsidiary, Montréal Maine & Atlantic Canada Co. ("MMAC" and collectively the "MMA Group"), derailed in Lac-Mégantic, Québec. The derailment occurred on a section of railway owned and operated by the MMA Group and while the MMA Group exclusively controlled the train.

Following the derailment, MMAC sought court protection in Canada under the *Companies' Creditors Arrangement Act* and MMAR filed for bankruptcy in the U.S. Plans of arrangement were approved in both Canada and the U.S. (the "Plans"), providing for the distribution of approximately $440 million amongst those claiming derailment damages.

A number of legal proceedings, set out below, were commenced in Canada and the U.S. against the Company and others:

(1) Québec's Minister of Sustainable Development, Environment, Wildlife and Parks ordered various parties, including the Company, to remediate the derailment site (the "Cleanup Order") and served the Company with a Notice of Claim for $95 million for those costs. The Company appealed the Cleanup Order and contested the Notice of Claim with the Administrative Tribunal of Québec. These proceedings are stayed pending determination of the Attorney General of Québec ("AGQ") action (paragraph 2 below).

(2) The AGQ sued the Company in the Québec Superior Court claiming $409 million in damages, which was further amended and reduced to $231 million (the "AGQ Action"). The AGQ Action alleges that: (i) the Company was responsible for the

petroleum crude oil from its point of origin until its delivery to Irving Oil Ltd.; and (ii) the Company is vicariously liable for the acts and omissions of the MMA Group.

(3) A class action in the Québec Superior Court on behalf of persons and entities residing in, owning or leasing property in, operating a business in, or physically present in Lac-Mégantic at the time of the derailment was certified against the Company on May 8, 2015 (the "Class Action"). Other defendants including MMAC and Mr. Thomas Harding ("Harding") were added to the Class Action on January 25, 2017. On November 28, 2019, the plaintiffs' motion to discontinue their action against Harding was granted. The Class Action seeks unquantified damages, including for wrongful death, personal injury, property damage, and economic loss.

(4) Eight subrogated insurers sued the Company in the Québec Superior Court claiming approximately $16 million in damages, which was amended and reduced to approximately $14 million (the “Promutuel Action”), and two additional subrogated insurers sued the Company claiming approximately $3 million in damages (the “Royal Action”). Both actions contain similar allegations as the AGQ Action. The actions do not identify the subrogated parties. As such, the extent of any overlap between the damages claimed in these actions and under the Plans is unclear. The Royal Action is stayed pending determination of the consolidated proceedings described below.

On December 11, 2017, the AGQ Action, the Class Action and the Promutuel Action were consolidated. The joint liability trial of these consolidated claims commenced on September 21, 2021 with oral arguments ending on June 15, 2022. The Québec Superior Court issued a decision on December 14, 2022 dismissing all claims against the Company, finding that the Company’s actions were not the direct and immediate cause of the accident and the damages suffered by the plaintiffs. All three plaintiffs filed a declaration of appeal on January 13, 2023. The appeal was heard October 7 to 10, 2024 by the Québec Court of Appeal. On February 26, 2025, the Québec Court of Appeal issued its unanimous decision upholding the trial decision and dismissing the appeals in their entirety. On April 28, 2025, all three plaintiffs filed applications for leave to appeal to the Supreme Court of Canada. The Company has 30 days from the date that the Supreme Court of Canada Registry opens a file to provide its response. A damages trial will follow after the disposition of all appeals, if necessary.

(5) Forty-eight plaintiffs (all individual claims joined in one action) sued the Company, MMAC, and Harding in the Québec Superior Court claiming approximately $5 million in damages for economic loss and pain and suffering, and asserting similar allegations as in the Class Action and the AGQ Action. The majority of the plaintiffs opted-out of the Class Action and all but two are also plaintiffs in litigation against the Company, described in paragraph 7 below. This action is stayed pending determination of the consolidated claims described above.

(6) The MMAR U.S. bankruptcy estate representative commenced an action against the Company in November 2014 in the Maine Bankruptcy Court claiming that the Company failed to abide by certain regulations and seeking approximately U.S. $30 million in damages for MMAR’s loss in business value according to an expert report filed by the bankruptcy estate. This action asserts that the Company knew or ought to have known that the shipper misclassified the petroleum crude oil and therefore should have refused to transport it. Summary judgement motion was argued and taken under advisement on June 9, 2022. On May 23, 2023, the case management judge stayed the proceedings pending the outcome of the appeal in the Canadian consolidated claims. On April 18, 2025, the Court lifted the stay and ordered briefing concerning the Company’s request for summary judgement based on the preclusive effect of matters decided in other Lac-Mégantic cases. The Court will address that basis for summary judgement first, then will address other arguments for summary judgement, if necessary, afterwards.

(7) The class and mass tort action commenced against the Company in June 2015 in Texas (on behalf of Lac-Mégantic residents and wrongful death representatives) and the wrongful death and personal injury actions commenced against the Company in June 2015 in Illinois and Maine, were all transferred and consolidated in Federal District Court in Maine (the “Maine Actions”). The Maine Actions allege that the Company negligently misclassified and improperly packaged the petroleum crude oil. On the Company’s motion, the Maine Actions were dismissed. The plaintiffs appealed the dismissal decision to the U.S. First Circuit Court of Appeals, which dismissed the plaintiffs' appeal on June 2, 2021. The plaintiffs further petitioned the U.S. First Circuit Court of Appeals for a rehearing, which was denied on September 8, 2021. On January 24, 2022, the plaintiffs further appealed to the U.S. Supreme Court on two bankruptcy procedural grounds. On May 31, 2022, the U.S. Supreme Court denied the petition, thereby rejecting the plaintiffs' appeal.

(8) The trustee for the wrongful death trust commenced Carmack Amendment claims against the Company in North Dakota Federal Court, seeking to recover approximately U.S. $6 million for damaged rail cars and lost crude oil and reimbursement for the settlement paid by the consignor and the consignee under the Plans (alleged to be U.S. $110 million and U.S. $60 million, respectively). The Court issued an Order on August 6, 2020 granting and denying in parts the parties' summary judgement motions which has been reviewed and confirmed following motions by the parties for clarification and reconsideration. Final briefs of dispositive motions for summary judgement and for reconsideration on tariff applicability were submitted on September 30, 2022. On January 20, 2023, the Court granted in part the Company's summary judgement motion by dismissing all claims for recovery of settlement payments but leaving for trial the determination of the value of the lost crude oil. It also dismissed the Company's motion for reconsideration on tariff applicability. The remaining issues of the value of the lost crude oil and applicability of judgement reduction provisions do not require trial, and were fully briefed in 2024. On January 5, 2024, the Court issued its decision finding that the Company is liable for approximately U.S.

$3.9 million plus pre-judgement interest, but declined to determine whether judgement reduction provisions were applicable, referring the parties to a court in Maine on that issue. On January 18, 2024, the Company filed a motion for reconsideration for the Court to apply the judgement reduction provisions. On January 19, 2024, the trustee for the wrongful death trust filed a Notice of Appeal for the January 5, 2024 decision, as well as prior decisions. On February 23, 2024, the Court denied the Company’s motion for reconsideration, again referring the parties to a court in Maine to apply the judgement reduction provision. On March 6, 2024, the Company filed its notice of appeal of this latest ruling, as well as prior decisions. The appeal was heard on March 18, 2025 and the Court reserved its decision.

At this stage of the proceedings, any potential responsibility and the quantum of potential losses cannot be determined. Nevertheless, the Company denies liability and is vigorously defending these proceedings.

Court decision related to Remington Development Corporation legal claim

On October 20, 2022, the Court of King’s Bench of Alberta issued a decision in a claim brought by Remington Development Corporation (“Remington”) against the Company and the Province of Alberta (“Alberta”) with respect to an alleged breach of contract by the Company in relation to the sale of certain properties in Calgary. In its decision, the Court found the Company had breached its contract with Remington and Alberta had induced the contract breach. The Court found the Company and Alberta liable for damages of approximately $164 million plus interest and costs, and subject to an adjustment to the acquisition value of the property. In a further decision on August 30, 2023, the Court determined that adjustment and set the total damages at $165 million plus interest and costs. On October 20, 2023, the Court determined the costs payable to Remington, however, the Court has not provided any indication of how the damages, which are currently estimated to total approximately $230 million, should be apportioned between the Company and Alberta. On November 17, 2022, the Company filed an appeal of the Court’s decision. On April 11, 2024, the Court of Appeal of Alberta stayed the judgement pending the outcome of the appeal. On September 10, 2024, the Court of Appeal of Alberta heard the Company's appeal and reserved its decision. At this time, the Company cannot reasonably estimate the amount of damages for which it is liable under the ruling of the Court.

2014 tax assessment

On April 13, 2022, the SAT delivered an audit assessment of CPKCM’s 2014 tax returns (the "2014 Assessment"). As at March 31, 2025, the 2014 Assessment was Ps.6,372 million ($451 million), which included inflation, interest, and penalties. On July 7, 2022, CPKCM filed an administrative appeal (the “Administrative Appeal”) before the SAT, seeking to revoke the 2014 Assessment and claiming that the notification of the 2014 Assessment was not legal for being made through the tax mailbox in violation of a tax mailbox injunction previously granted on March 19, 2015, to CPKCM. On September 26, 2022, the SAT issued a resolution dismissing the Administrative Appeal filed by CPKCM arguing that it was not submitted timely (the “Administrative Appeal Resolution”). On October 10, 2022, CPKCM submitted a petition of annulment lawsuit before the Federal Administrative Court, challenging the 2014 Assessment, its notification, and the dismissal of the Administrative Appeal Resolution.

On January 5, 2023, the Federal Administrative Court granted a definitive injunction against the enforcement and collection of the 2014 Assessment. On April 24, 2024, the Federal Administrative Court resolved the annulment lawsuit confirming the Administrative Appeal Resolution and the 2014 Assessment (the "Administrative Court Resolution"). On June 21, 2024, CPKCM challenged the Administrative Court Resolution by submitting an Amparo petition (Demanda de Amparo) before the Collegiate Circuit Court (Tribunal Colegiado de Circuito). CPKCM expects to prevail based on the technical merits of its case. On August 15, 2024, the Federal Administrative Court informed CPKCM that the SAT submitted two motions (recurso de reclamación and recurso de queja) claiming that the Federal Administrative Court did not cite the applicable legal provisions when granting the definitive injunction against the enforcement and collection of the 2014 Assessment. On November 8, 2024, CPKCM was notified that the Federal Administrative Court issued a resolution on October 9, 2024 dismissing one of the motions (recurso de reclamación). On February 12, 2025, the other motion (recurso de queja) was resolved. The Collegiate Circuit Court ordered the Federal Administrative Court to issue a new resolution on the injunction. On February 19, 2025, the Federal Administrative Court issued the new resolution granting the injunction as long as the 2014 Assessment is duly guaranteed. Given that all applicable requirements to grant the injunction were satisfied by CPKCM and the surety bond was approved and accepted by the SAT, this resolution is not expected to result in any change to CPKCM’s status regarding the enforcement and collection of the 2014 Assessment, which shall remain the same until the Amparo petition is resolved by the Collegiate Circuit Court.

Environmental liabilities

Environmental remediation accruals, recorded on an undiscounted basis unless a reliable, determinable estimate as to an amount and timing of costs can be established, cover site-specific remediation programs.

The accruals for environmental remediation represent the Company’s best estimate of its probable future obligation and include both asserted and unasserted claims, without reduction for anticipated recoveries from third parties. Although the recorded accruals include the Company’s best estimate of all probable costs, the Company’s total environmental remediation costs cannot be predicted with certainty. Accruals for environmental remediation may change from time to time as new information about previously untested sites becomes known, and as environmental laws and regulations evolve and advances are made in environmental remediation technology. The accruals may also vary as the courts decide legal proceedings against outside parties responsible for contamination. These potential charges, which cannot be quantified at this time, may materially affect income in the particular period in which a charge is recognized. Costs related to existing, but as yet unknown, or future contamination will be accrued in the period in which they become probable and reasonably estimable.

The expense included in “Purchased services and other” in the Company's Interim Consolidated Statements of Income for the three months ended March 31, 2025 was $2 million (three months ended March 31, 2024 - $2 million). Provisions for environmental remediation costs are recorded in the Company's Interim Consolidated Balance Sheets in “Other long-term liabilities”, except for the current portion, which is recorded in “Accounts payable and accrued liabilities”. The total amount provided as at March 31, 2025 was $258 million (December 31, 2024 - $257 million). Payments are expected to be made over 10 years through 2034.

14 Subsequent events

On April 1, 2025, CPKC sold its 50% equity method investment in the Panama Canal Railway Company to APM Terminals Panama Rail LP (“APM Terminals”), a subsidiary of A.P. Moller-Maersk A/S, for gross proceeds of U.S. $350 million before purchase price adjustments for cash acquired and debt and net working capital assumed by APM Terminals, and transaction costs. CPKC anticipates a pre-tax gain of approximately U.S. $230 million in the second quarter of 2025, subject to finalization of the purchase price adjustments.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to enhance a reader's understanding of the Company's results of operations and financial condition. The MD&A is provided as a supplement to, and should be read in conjunction with, the Company's Interim Consolidated Financial Statements and the related notes as at and for the three months ended March 31, 2025 in Item 1. Financial Statements, other information in this report, and Item 8. Financial Statements and Supplementary Data of the Company's 2024 Annual Report on Form 10-K. Except where otherwise indicated, all financial information reflected herein is expressed in Canadian dollars.

In this Quarterly Report on Form 10-Q, unless the context indicates otherwise, references to "CPKC", "the Company", "our", or "us" are to Canadian Pacific Kansas City Limited ("CPKC") and its subsidiaries, which includes Kansas City Southern ("KCS") as a consolidated subsidiary.

Available Information

The Company makes available on or through its website www.cpkcr.com free of charge, its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such reports are filed with or furnished to the Securities and Exchange Commission ("SEC"). Our website also contains charters for our Board of Directors and each of its committees, our corporate governance guidelines and our Code of Business Ethics. SEC filings made by the Company are also accessible through the SEC's website at www.sec.gov. The information on our website is not part of this quarterly report on Form 10-Q.

The Company has included the Chief Executive Officer's ("CEO") and Chief Financial Officer's certifications regarding the Company's public disclosure required by Section 302 of the Sarbanes-Oxley Act of 2002 as Exhibits to this report.

Executive Summary

First Quarter of 2025 Results

- Total revenues were $3,795 million, an increase of 8% compared to $3,520 million in 2024. The increase was primarily due to higher freight revenue per revenue ton-mile ("RTM") and higher volumes as measured by RTMs.
- Diluted earnings per share ("EPS") was $0.97, an increase of 17% compared $0.83 in 2024.
- Core adjusted diluted EPS was $1.06, an increase of 14% compared to $0.93 in 2024.
- Operating ratio was 65.3%, a 210 basis point improvement from 67.4% in 2024.
- Core adjusted operating ratio was 62.5%, a 150 basis point improvement from 64.0% in 2024.

Core adjusted diluted EPS and Core adjusted operating ratio are defined and reconciled in the "Non-GAAP Measures" section of this Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Recent Developments

- On April 29, 2025, the Company declared a quarterly dividend of $0.228 per share on the outstanding Common Shares, an increase of 20% from $0.190 per share from the prior quarter. The dividend is payable on July 28, 2025 to holders of record at the close of business on June 27, 2025.

- On April 2, 2025, the Company announced that CPKC and the Lanco Group/Mi-Jack sold the Panama Canal Railway Company to APM Terminals Panama Rail LP, a subsidiary of A.P. Moller - Maersk A/S. The sale closed on April 1, 2025. See Item 1. Financial Statements, Note 14. Subsequent events for further details.

- On February 27, 2025, the Company announced a normal course issuer bid, commencing March 3, 2025, to purchase up to 37.3 million Common Shares in the open market for cancellation before March 2, 2026. See Part II, Item 2. Unregistered Sales of Equity Securities and Use of Proceeds for further details of share repurchases.

Performance Indicators

The following table lists the key measures of the Company’s operating performance:

	For the three months ended March 31		
	2025	2024	% Change
Operations Performance			
Gross ton-miles (“GTMs”) (millions)	**98,412**	95,809	3
Train miles (thousands)	**11,804**	11,995	(2)
Fuel efficiency (U.S. gallons of locomotive fuel consumed / 1,000 GTMs)	**1.064**	1.065	—
Total employees (average)	**19,749**	19,997	(1)

These key measures are used by management in the planning process to facilitate decisions that continue to drive further productivity improvements in the Company's operations. These key measures reflect how effective the Company’s management is at controlling costs and executing the Company’s operating plan and strategy. Continued monitoring of these key measures enables the Company to take appropriate actions to deliver superior service and grow its business at low incremental cost.

A **GTM** is defined as the movement of one ton of train weight over one mile. GTMs are calculated by multiplying total train weight by the distance the train moved. Total train weight comprises the weight of the freight cars, their contents, and any inactive locomotives. An increase in GTMs indicates additional workload. The increase in GTMs in the first quarter of 2025 was primarily due to higher volumes of Coal, Grain, Intermodal, Potash and Automotive.

Train miles are defined as the sum of the distance moved by all trains operated on the network. Train miles provide a measure of the productive utilization of our network. A smaller increase in train miles relative to increases in volumes, as measured by RTMs, and/or workload, as measured by GTMs, indicates improved train productivity. The decrease in train miles in the first quarter of 2025 reflects the impact of a 5% increase in average train weights primarily due to improvement in operating plan efficiency and moving longer and heavier Grain trains, partially offset by a 3% increase in workload (GTMs).

Fuel efficiency is defined as U.S. gallons of locomotive fuel consumed per 1,000 GTMs. Fuel consumed includes gallons from freight, yard and commuter service but excludes fuel used in capital projects and other non-freight activities. An improvement in fuel efficiency indicates operational cost savings. Fuel efficiency in the first quarter of 2025 remained flat compared to the first quarter of 2024.

An **employee** is defined as an individual currently engaged in full-time, part-time, or seasonal employment with the Company. The Company monitors employment and workforce levels in order to efficiently meet service and strategic requirements. The number of employees is a key driver of total compensation and benefits costs. The decrease of 1% in the average number of total employees in the first quarter of 2025 was due to efficient resource planning.

Financial Highlights

The following table presents selected financial data related to the Company's financial results for the three months ended March 31, 2025 and the comparative period in 2024.

(in millions, except per share data, percentages and ratios)	For the three months ended March 31 2025	2024
Financial Performance		
Total revenues	**$ 3,795**	$ 3,520
Operating income	**1,317**	1,149
Net income attributable to controlling shareholders	**910**	775
Basic EPS	**0.98**	0.83
Diluted EPS	**0.97**	0.83
Core adjusted diluted EPS(1)	**1.06**	0.93
Dividends declared per share	**0.19**	0.19
Financial Ratios		
Operating ratio(2)	**65.3%**	67.4%
Core adjusted operating ratio(1)	**62.5%**	64.0%

(1) These measures have no standardized meanings prescribed by accounting principles generally accepted in the United States of America ("GAAP") and, therefore, may not be comparable to similar measures presented by other companies. These measures are defined and reconciled in the Non-GAAP Measures section.

(2) Operating ratio is defined as operating expenses divided by revenues.

Results of Operations

Operating Revenues

The Company's revenues are primarily derived from transporting freight. Changes in freight volumes generally contribute to corresponding changes in Freight revenues and certain variable expenses such as fuel, equipment rents, and crew costs. Non-freight revenues are generated from leasing certain assets, interline switching, and other arrangements including contracts with passenger service operators, subsurface and mineral rights agreements, and logistical services.

For the three months ended March 31	2025	2024	Total Change	% Change
Freight revenues (in millions)	**$ 3,727**	$ 3,427	$ 300	9
Non-freight revenues (in millions)	**68**	93	(25)	(27)
Total revenues (in millions)	**$ 3,795**	$ 3,520	$ 275	8
Carloads (in thousands)	**1,104.6**	1,072.6	32.0	3
Revenue ton-miles (in millions)	**53,724**	51,838	1,886	4
Freight revenue per carload (in dollars)	**$ 3,374**	$ 3,195	$ 179	6
Freight revenue per revenue ton-mile (in cents)	**6.94**	6.61	0.33	5

Total Revenues
The increase in Freight revenues in the first quarter of 2025 was primarily due to higher freight revenue per RTM and higher volumes as measured by RTMs. The decrease in Non-freight revenues was primarily due to lower revenue related to a subsurface fibre optic agreement.

RTMs
RTMs are defined as the movement of one revenue-producing ton of freight over a distance of one mile. RTMs measure the relative weight and distance of rail freight moved by the Company. The increase in RTMs in the first quarter of 2025 was primarily due to higher volumes of Coal, Grain, Intermodal, Potash, and Automotive.

Freight Revenue per RTM
Freight revenue per RTM is defined as freight revenue per revenue-producing ton of freight over a distance of one mile. This is an indicator of yield. The increase in freight revenue per RTM in the first quarter of 2025 was primarily due to the favourable impact of the change in foreign exchange ("FX") of $114 million and higher freight rates, partially offset by the unfavourable impact of lower fuel prices on fuel surcharge revenue of $33 million.

Fuel Cost Adjustment Program

Freight revenues include fuel surcharge revenues associated with the Company's fuel cost adjustment program, which is designed to respond to fluctuations in fuel prices and help reduce exposure to changing fuel prices. The surcharge is applied to shippers through tariffs and by contract, within agreed-upon guidelines. This program includes recoveries of carbon taxes, levies, and obligations under cap-and-trade programs. Freight revenues included fuel surcharge revenues of $402 million in the first quarter of 2025, a decrease of $10 million, or 2%, from $412 million in the same period of 2024. This decrease was primarily due to lower fuel prices, partially offset by increased carbon levy surcharge revenue, higher volumes, and the favourable impact of the change in FX.

Lines of Business

Grain

For the three months ended March 31	**2025**	2024	Total Change	% Change
Freight revenues (in millions)	**$ 788**	$ 730	$ 58	8
Carloads (in thousands)	**133.7**	132.3	1.4	1
Revenue ton-miles (in millions)	**14,942**	14,570	372	3
Freight revenue per carload (in dollars)	**$ 5,894**	$ 5,518	$ 376	7
Freight revenue per revenue ton-mile (in cents)	**5.27**	5.01	0.26	5

The increase in Grain revenue in the first quarter of 2025 was primarily due to higher volumes of Canadian grain to Vancouver, British Columbia ("B.C.") and Mexico due to a larger crop size for the 2024-2025 crop year, higher volumes of U.S. corn to the U.S. Pacific Northwest and U.S. soybean meal products to Mexico, and an increase in freight revenue per RTM. This increase was partially offset by lower volumes of U.S. corn to Mexico and Alberta, U.S. soybeans to the U.S. Pacific Northwest, and the unfavourable impact of lower fuel prices on fuel surcharge revenue. Freight revenue per RTM increased due to the favourable impact of the change in FX and higher freight rates.

Coal

For the three months ended March 31	**2025**	2024	Total Change	% Change
Freight revenues (in millions)	**$ 257**	$ 209	$ 48	23
Carloads (in thousands)	**118.4**	108.2	10.2	9
Revenue ton-miles (in millions)	**5,783**	5,252	531	10
Freight revenue per carload (in dollars)	**$ 2,171**	$ 1,932	$ 239	12
Freight revenue per revenue ton-mile (in cents)	**4.44**	3.98	0.46	12

The increase in Coal revenue in the first quarter of 2025 was primarily due to an increase in freight revenue per RTM, higher volumes of Canadian coal to Kamloops, B.C., Vancouver, and Thunder Bay, Ontario and higher volumes of U.S. coal. This increase was partially offset by the unfavourable impact of lower fuel prices on fuel surcharge revenue. Freight revenue per RTM increased due to higher freight rates and the favourable impact of the change in FX.

Potash

For the three months ended March 31	**2025**	2024	Total Change	% Change
Freight revenues (in millions)	**$ 156**	$ 137	$ 19	14
Carloads (in thousands)	**39.8**	37.0	2.8	8
Revenue ton-miles (in millions)	**4,419**	4,110	309	8
Freight revenue per carload (in dollars)	**$ 3,920**	$ 3,703	$ 217	6
Freight revenue per revenue ton-mile (in cents)	**3.53**	3.33	0.20	6

The increase in Potash revenue in the first quarter of 2025 was primarily due to higher volumes of export potash to Vancouver and the U.S. Pacific Northwest and an increase in freight revenue per RTM. This increase was partially offset by lower volumes of export potash to Texas and Kamloops and the unfavourable impact of lower fuel prices on fuel surcharge revenue. Freight revenue per RTM increased due to higher freight rates and the favourable impact of the change in FX.

Fertilizers and Sulphur

For the three months ended March 31	2025	2024	Total Change	% Change
Freight revenues (in millions)	**$ 114**	$ 104	$ 10	10
Carloads (in thousands)	**17.8**	17.2	0.6	3
Revenue ton-miles (in millions)	**1,427**	1,366	61	4
Freight revenue per carload (in dollars)	**$ 6,404**	$ 6,047	$ 357	6
Freight revenue per revenue ton-mile (in cents)	**7.99**	7.61	0.38	5

The increase in Fertilizers and sulphur revenue in the first quarter of 2025 was primarily due to an increase in freight revenue per RTM and higher volumes of sulphur and wet fertilizers, partially offset by the unfavourable impact of lower fuel prices on fuel surcharge revenue. Freight revenue per RTM increased due to the favourable impact of the change in FX and higher freight rates.

Forest Products

For the three months ended March 31	2025	2024	Total Change	% Change
Freight revenues (in millions)	**$ 217**	$ 202	$ 15	7
Carloads (in thousands)	**34.8**	35.9	(1.1)	(3)
Revenue ton-miles (in millions)	**2,343**	2,244	99	4
Freight revenue per carload (in dollars)	**$ 6,236**	$ 5,627	$ 609	11
Freight revenue per revenue ton-mile (in cents)	**9.26**	9.00	0.26	3

The increase in Forest products revenue in the first quarter of 2025 was primarily due to higher volumes of wood pulp and paperboard and an increase in freight revenue per RTM, partially offset by the unfavourable impact of lower fuel prices on fuel surcharge revenue and lower volumes of newsprint. Freight revenue per RTM increased due to the favourable impact of the change in FX and higher freight rates. RTMs increased while carloads decreased due to extending the length of haul of wood pulp from B.C. to Texas, Ontario, and New York and moving lower volumes of wood pulp within B.C., which has a shorter length of haul.

Energy, Chemicals and Plastics

For the three months ended March 31	2025	2024	Total Change	% Change
Freight revenues (in millions)	**$ 758**	$ 702	$ 56	8
Carloads (in thousands)	**142.5**	144.5	(2.0)	(1)
Revenue ton-miles (in millions)	**9,701**	9,719	(18)	—
Freight revenue per carload (in dollars)	**$ 5,319**	$ 4,858	$ 461	9
Freight revenue per revenue ton-mile (in cents)	**7.81**	7.22	0.59	8

The increase in Energy, chemicals and plastics revenue in the first quarter of 2025 was primarily due to higher volumes of liquefied petroleum gas, styrene, gasoline, and ethylene glycol and an increase in freight revenue per RTM. This increase was partially offset by lower volumes of crude and the unfavourable impact of lower fuel prices on fuel surcharge revenue. Freight revenue per RTM increased due to the favourable impact of the change in FX and higher freight rates.

Metals, Minerals and Consumer Products

For the three months ended March 31	**2025**	2024	Total Change	% Change
Freight revenues (in millions)	**$ 448**	$ 440	$ 8	2
Carloads (in thousands)	**124.4**	129.7	(5.3)	(4)
Revenue ton-miles (in millions)	**4,681**	4,701	(20)	—
Freight revenue per carload (in dollars)	**$ 3,601**	$ 3,392	$ 209	6
Freight revenue per revenue ton-mile (in cents)	**9.57**	9.36	0.21	2

The increase in Metals, minerals and consumer products revenue in the first quarter of 2025 was primarily due to an increase in freight revenue per RTM and higher volumes of frac sand and cement, partially offset by lower volumes of steel and the unfavourable impact of lower fuel prices on fuel surcharge revenue. Freight revenue per RTM increased due to higher freight rates and the favourable impact of the change in FX. Carloads decreased while RTMs remained flat due to moving lower volumes of steel within Mexico, which has a shorter length of haul.

Automotive

For the three months ended March 31	**2025**	2024	Total Change	% Change
Freight revenues (in millions)	**$ 315**	$ 265	$ 50	19
Carloads (in thousands)	**57.8**	55.7	2.1	4
Revenue ton-miles (in millions)	**1,233**	997	236	24
Freight revenue per carload (in dollars)	**$ 5,450**	$ 4,758	$ 692	15
Freight revenue per revenue ton-mile (in cents)	**25.55**	26.58	(1.03)	(4)

The increase in Automotive revenue in the first quarter of 2025 was primarily due to higher volumes from Mexico to the U.S. Midwest and Texas, from Chicago, Illinois and Kansas City, Missouri to Canada, and from Vancouver to eastern Canada, higher freight rates, and the favourable impact of the change in FX. This increase was partially offset by a decrease in freight revenue per RTM due to the unfavourable impact of lower fuel prices on fuel surcharge revenue. RTMs increased more than carloads due to extending the length of haul from Mexico to the U.S. Midwest and moving higher volumes from Vancouver to eastern Canada, which has a longer length of haul.

Intermodal

For the three months ended March 31	**2025**	2024	Total Change	% Change
Freight revenues (in millions)	**$ 674**	$ 638	$ 36	6
Carloads (in thousands)	**435.4**	412.1	23.3	6
Revenue ton-miles (in millions)	**9,195**	8,879	316	4
Freight revenue per carload (in dollars)	**$ 1,548**	$ 1,548	$ —	—
Freight revenue per revenue ton-mile (in cents)	**7.33**	7.19	0.14	2

The increase in Intermodal revenue in the first quarter of 2025 was primarily due to higher domestic intermodal wholesale and retail volumes, higher international intermodal volumes to and from the Port of Saint John and the Port of Lazaro, and an increase in freight revenue per RTM. This increase was partially offset by lower international intermodal volumes to and from the Port of Vancouver and the Port of Montréal and the unfavourable impact of lower fuel prices on fuel surcharge revenue. Freight revenue per RTM increased due to the favourable impact of the change in FX and higher freight rates.

Operating Expenses

For the three months ended March 31 (in millions of Canadian dollars)	**2025**	2024	Total Change	% Change
Compensation and benefits	**$ 682**	$ 690	$ (8)	(1)
Fuel	**481**	458	23	5
Materials	**124**	94	30	32
Equipment rents	**99**	82	17	21
Depreciation and amortization	**504**	467	37	8
Purchased services and other	**588**	580	8	1
Total operating expenses	**$ 2,478**	$ 2,371	$ 107	5

Compensation and Benefits

Compensation and benefits expense includes employee wages, salaries, fringe benefits, and stock-based compensation. The decrease in Compensation and benefits expense in the first quarter of 2025 was primarily due to a decrease in stock-based compensation of $26 million primarily driven by the change in share price, and adjustments to provisions for Mexican taxes of $10 million recognized in 2024. The decrease was partially offset by the impact of wage and benefit inflation.

Fuel

Fuel expense consists mainly of fuel used by locomotives and includes provincial, state, and federal fuel taxes. The increase in Fuel expense in the first quarter of 2025 was primarily due to an increase in workload, as measured by GTMs and the unfavourable impact of change in FX of $11 million. The increase was partially offset by the impact of lower fuel prices of $11 million.

Materials

Materials expense includes the cost of materials used for the maintenance of track, locomotives, freight cars, and buildings, as well as software sustainment. The increase in Materials expense in the first quarter of 2025 was primarily due to higher locomotive materials costs due to a new parts agreement insourcing a subset of maintenance work with a favourable offset in "Purchased services and other" effective in the fourth quarter of 2024, and increased track maintenance.

Equipment Rents

Equipment rents expense includes the cost associated with using other railways' freight cars, intermodal equipment, and locomotives, net of recoveries received from other railways for the use of the Company’s equipment. The increase in Equipment rents expense was primarily due to:

- greater usage of pooled freight cars by the Company;
- slower cycle times; and
- the unfavourable impact of change in FX of $5 million.

Depreciation and Amortization

Depreciation and amortization expense is the charge associated with the use of track and roadway, rolling stock, buildings, and other depreciable assets, including assets related to a concession granted by the Mexican government, as well as amortization of finite life intangible assets. The increase in Depreciation and amortization expense in the first quarter of 2025 was primarily due to a higher depreciable asset base increasing depreciation by $16 million and the unfavourable impact of the change in FX of $19 million.

Purchased Services and Other

Purchased services and other expense encompasses a wide range of third-party costs, including expenses for joint facilities, personal injury and damage claims, provisions for environmental remediation, property taxes, contractor and consulting fees, and insurance premiums. The increase in Purchased services and other expense in the first quarter of 2025 was primarily due to:

- a one-time fee of $34 million (U.S. $25 million) received in 2024 in connection with the Company's agreement to waive a departing executive's non-competition agreement with respect to their employment with Norfolk Southern Corporation;
- the unfavorable impact of the change in FX of $14 million; and
- the impact of cost inflation.

The increase was partially offset by:

- lower third-party locomotive costs due to insourcing and a new parts agreement embedded in "Materials" effective in the fourth quarter of 2024;
- lower casualty incident costs; and
- lower terminal service costs.

Other Income Statement Items

Other expense (income)

Other expense (income) consists of gains and losses from the change in FX on cash and working capital, financing costs, shareholder costs, equity earnings, and other non-operating expenditures. Other expense was $7 million in the first quarter of 2025, a change of $9 million, or 450%, compared to income of $2 million in the same period of 2024. This change was primarily due to the unfavourable impact of net FX losses on U.S. denominated cash and working capital compared to net FX gains in the same period of 2024.

Other Components of Net Periodic Benefit Recovery

Other components of net periodic benefit recovery are related to the Company's pension and other post-retirement and post-employment benefit plans. It includes interest cost on benefit obligation, expected return on plan assets, recognized net actuarial loss, and amortization of prior service costs. Other components of net periodic benefit recovery was $107 million in the first quarter of 2025, an increase of $19 million, or 22%, compared to the same period of 2024. The increase was primarily due to an increase in expected return on plan assets of $9 million and a decrease in recognized net actuarial loss of $8 million.

Net Interest Expense

Net interest expense includes interest on long-term debt, short-term debt, and finance leases. Net interest expense was $216 million in the first quarter of 2025, an increase of $10 million, or 5%, from $206 million in the same period of 2024. The increase was primarily due to interest of $16 million incurred on short-term borrowings and the issuance of long-term notes, along with the unfavourable impact of the change in FX of $12 million. The increase was partially offset by lower interest costs of $14 million following the repayment of maturing long-term debt.

Income Tax Expense

Income tax expense was $292 million in the first quarter of 2025, an increase of $33 million, or 13%, from $259 million in the same period of 2024. The increase was primarily due to higher taxable earnings.

The effective income tax rate in the first quarter of 2025 was 24.32% compared to 25.09% in the same period of 2024. The Core adjusted effective tax rate in the first quarter of 2025 was 24.50%, compared to 25.00% in the same period of 2024. The Company's 2025 Core adjusted effective tax rate is expected to be approximately 24.50%. The Core adjusted effective tax rate is a Non-GAAP measure, calculated as the effective tax rate adjusted for significant items as they are not considered indicative of future or past financial trends either by nature or amount. The Company uses the Core adjusted effective tax rate to evaluate CPKC's operating performance and for planning and forecasting future profitability. Core adjusted effective tax rate also excludes KCS purchase accounting to provide financial statement users with additional transparency by isolating the impact of KCS purchase accounting. This Non-GAAP measure does not have a standardized meaning and is not defined by GAAP and, therefore, may not be comparable to similar measures presented by other companies. Significant items and KCS purchase accounting are discussed further in Non-GAAP Measures of this Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. The outlook for the Company's 2025 Core adjusted effective tax rate is based on certain assumptions about events and developments that may or may not materialize, or that may be offset entirely or partially by new events and developments. This is discussed further in Item 1A. Risk Factors of the Company's 2024 Annual Report on Form 10-K. Refer also to "Forward-Looking Statements" below for further details.

Impact of Foreign Exchange on Earnings and Foreign Exchange Risk

Although the Company is headquartered in Canada and reports in Canadian dollars, a significant portion of its revenues, expenses, assets and liabilities, including debt, are denominated in U.S. dollars and Mexican pesos ("Ps."). The value of the Canadian dollar is affected by a number of domestic and international factors, including, without limitation, economic performance, commodity prices, and Canadian, U.S., and international monetary policies. Fluctuations in FX affect the Company's financial results because revenues and expenses denominated in U.S. dollars and Mexican pesos are translated into Canadian dollars. U.S. dollar-denominated revenues and expenses increase (decrease) when the Canadian dollar weakens (strengthens) in relation to the U.S. dollar. Mexican peso-denominated revenues and expenses increase (decrease) when the U.S. dollar weakens (strengthens) in relation to the Mexican peso.

In the first quarter of 2025, the U.S. dollar strengthened to an average rate of $1.44 Canadian/U.S. dollar and the Mexican Peso weakened to an average rate of Ps. 14.23 Mexican Peso/Canadian dollar, compared to $1.35 Canadian/U.S. dollar and Ps. 12.61 Mexican Peso/Canadian dollar in the first quarter of 2024, resulting in an increase in Total revenues of $115 million, an increase in Total operating expenses of $55 million, and an increase in "Net interest expense" of $12 million.

On an annualized basis, the Company expects that every $0.01 weakening (or strengthening) of the Canadian dollar relative to the U.S. dollar, positively (or negatively) impacts Total revenues by approximately $76 million (December 31, 2024 – approximately $76 million), negatively (or positively) impacts Operating expenses by approximately $43 million (December 31, 2024 – approximately $43 million), and negatively (or positively) impacts "Net interest expense" by approximately $6 million (December 31, 2024 – approximately $6 million).

On an annualized basis, the Company expects that every Ps.0.10 strengthening (or weakening) of the Mexican peso relative to the Canadian dollar, positively (or negatively) impacts Total revenues by approximately $6 million (December 31, 2024 – approximately $6 million) and negatively (or positively) impacts Operating expenses by approximately $7 million (December 31, 2024 – approximately $6 million).

To manage its exposure to fluctuations in exchange rates between Canadian dollars, U.S. dollars, and or Mexican pesos, the Company may sell or purchase U.S. dollar or Mexican peso forwards at fixed rates in future periods. In addition, changes in the exchange rate between the Canadian dollar and other currencies (including the U.S. dollar and Mexican peso) make the goods transported by the Company more or less competitive in the world marketplace and may in turn positively or negatively affect revenues.

Impact of Fuel Price on Earnings

Fluctuations in fuel prices affect the Company’s results because fuel expense constitutes a significant portion of the Company's operating expenses. As fuel prices fluctuate, there will be an impact on earnings due to the timing of recoveries from the Company's fuel cost adjustment program.

The impact of fuel price on earnings includes the impacts of carbon taxes, levies, and obligations under cap-and-trade programs recovered and paid, on revenues and expenses, respectively.

In the first quarter of 2025, the unfavourable impact of fuel prices on Operating income was $22 million. Lower fuel prices, partially offset by increased carbon levy surcharge revenues, resulted in a decrease in Total revenues of $33 million from the same period of 2024. Lower fuel prices resulted in a decrease in Total operating expenses of $11 million from the same period of 2024.

Impact of Share Price on Earnings and Stock-Based Compensation

Fluctuations in the Common Share price affect the Company's Operating expenses because stock-based compensation liabilities are measured at fair value. The Company's Common Shares are listed on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE") with ticker symbol "CP".

In the first quarter of 2025, the change in the Company's Common Share price resulted in a stock-based compensation recovery of $9 million, a change of $30 million, from $21 million expense in the same period of 2024.

Based on information available at March 31, 2025 and expectations for 2025 share-based grants, for every $1.00 change in the Company's Common Share price, stock-based compensation expense has a corresponding change of approximately $2.1 million to $2.7 million (December 31, 2024 - approximately $1.9 million to $2.7 million). This excludes the impact of changes in Common Share price relative to the S&P/TSX 60 Index, S&P 500 Industrials Index, and to Class I railways, which may trigger different performance share unit payouts. Stock-based compensation expense may also be impacted by non-market performance conditions.

Additional information concerning stock-based compensation is included in Item 1. Financial Statements, Note 12 Stock-based compensation.

Liquidity and Capital Resources

The Company's primary sources of liquidity include its Cash and cash equivalents, commercial paper program, bilateral letter of credit facilities, and revolving credit facility. The Company believes that these sources as well as cash flow generated through operations and existing debt capacity are adequate to meet its short-term and long-term cash requirements. The Company is not aware of any material trends, events, or uncertainties that would create any deficiencies in the Company's liquidity.

As at March 31, 2025, the Company had $695 million of Cash and cash equivalents compared to $739 million at December 31, 2024.

During the first quarter of 2025, the Company repaid, at maturity, the remaining balance of U.S. $642 million ($930 million) on its 2.90% 10-year Notes.

During the first quarter of 2025, the Company issued U.S. $600 million 4.80% 5-year unsecured notes due March 30, 2030 for net proceeds of approximately U.S. $596 million ($857 million) and U.S. $600 million 5.20% 10-year unsecured notes due March 30, 2035 for net proceeds of approximately U.S. $593 million ($853 million). The Company also entered into, and fully repaid, a U.S. $500 million unsecured non-revolving term credit facility.

The Company's revolving credit facility agreement (the "facility") consists of a five-year U.S. $1.1 billion tranche maturing June 25, 2029 and a two-year U.S. $1.1 billion tranche maturing June 25, 2026. As at December 31, 2024 the Company had U.S. $200 million drawn from the two-year U.S. $1.1 billion tranche, which was subsequently repaid in full during the first quarter of 2025. As at March 31, 2025, the facility was undrawn (December 31, 2024 - U.S. $200 million ($288 million)).

The Company has a commercial paper program that enables it to issue commercial paper in the form of unsecured promissory notes. The Company's existing commercial paper program is backed by a U.S. $2.2 billion revolving credit facility. As at March 31, 2025, the Company had total commercial paper borrowings outstanding of U.S. $786 million ($1,129 million) (December 31, 2024 - U.S. $1,102 million ($1,586 million)).

The Company has bilateral letter of credit facilities with six financial institutions to support its requirement to post letters of credit in the ordinary course of business. Under these agreements, the Company has the option to post collateral in the form of cash or cash equivalents, equal at least to the face value of the letter of credit issued. These agreements permit the Company to withdraw amounts posted as collateral at any time; therefore, the amounts posted as collateral are presented as “Cash and cash equivalents” on the Company’s Interim Consolidated Balance Sheets. As at March 31, 2025, the Company did not have any collateral posted on its bilateral letter of credit facilities (December 31, 2024 - $nil) and had letters of credit drawn of $89 million (December 31, 2024 - $95 million) from a total available amount of $300 million.

Contractual Commitments

The Company’s material cash requirements from known contractual obligations and commitments to make future payments primarily consist of long-term debt and related interest, capital commitments, supplier purchases, leases, and other long-term liabilities.

As at March 31, 2025, other than changes to long-term debt, there have been no material changes in our contractual commitments from the year ended December 31, 2024, a description of which can be found in Contractual Commitments of Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations of the Company's Annual Report on Form 10-K. For further information concerning long-term debt, refer to Item 1. Financial Statements, Note 8 Debt.

Concession Duty

The Company's subsidiary, Kansas City Southern de México, S.A. de C.V. (also known as Canadian Pacific Kansas City Mexico) ("CPKCM") has a fifty-year concession (the "Concession"), which will expire in 2047 but is renewable under certain conditions, for additional periods, each up to 50 years. Under the Concession, CPKCM pays annual concession duties equal to 1.25% of its gross revenues.

Guarantees

The Company accrues for all guarantees that it expects to pay. As at March 31, 2025, these accruals amounted to $11 million (December 31, 2024 - $8 million).

Operating Activities

Net cash provided by operating activities increased $141 million in the first quarter of 2025, compared to the same period in 2024. The increase was primarily due to higher cash generating income.

Investing Activities

Net cash used in investing activities increased $173 million in the first quarter of 2025, compared to the same period in 2024. The increase was primarily due to higher capital additions during the first quarter of 2025.

Financing Activities

Net cash used in financing activities increased $53 million in the first quarter of 2025, compared to the same period in 2024. The increase was primarily due to:

- higher principal repayments on long-term debt of $864 million driven by repayment of the 2.90% 10-year Notes at maturity;
- higher repayments of short-term borrowings and net repayments of commercial paper of $533 million; and

- the impact of share repurchases of $347 million.

This increase was partially offset by net proceeds from debt issuances of $1,710 million resulting from the U.S. $600 million 4.80% 5-year unsecured notes due March 30, 2030 and U.S. $600 million 5.20% 10-year unsecured notes due March 30, 2035.

Credit Measures

Credit ratings provide information relating to the Company’s operations and liquidity, and affect the Company’s ability to obtain short-term and long-term financing and/or the cost of such financing. The margin that applies to outstanding loans under the Company’s revolving credit facility is based on the credit rating assigned to the Company’s senior unsecured and unsubordinated debt. If the Company’s credit ratings were to decline to below investment-grade levels, the Company could experience a significant increase in its interest cost for new debt along with a negative effect on its ability to readily issue new debt.

Credit ratings and outlooks are based on the rating agencies’ methodologies and can change from time to time to reflect their views of the Company. Their views are affected by numerous factors including, but not limited to, the Company’s financial position and liquidity along with external factors beyond the Company’s control.

As at March 31, 2025, the Company's credit ratings from Standard & Poor's Rating Services ("Standard & Poor's") remain unchanged from December 31, 2024. During the first quarter of 2025, Moody's Investor Service ("Moody's") upgraded the Company's Long-term debt rating to Baa1. The following table shows the ratings issued for the Company by the rating agencies noted as at March 31, 2025 and is being presented as it relates to the Company’s cost of funds and liquidity.

Credit ratings as at March 31, 2025[(1)]

Long-term debt		**Outlook**
Standard & Poor's	**BBB+**	stable
Moody's	**Baa1**	stable
Commercial paper program		
Standard & Poor's	**A-2**	N/A
Moody's	**P-2**	N/A

(1) Credit ratings are not recommendations to purchase, hold, or sell securities and do not address the market price or suitability of a specific security for a particular investor. Credit ratings are based on the rating agencies' methodologies and may be subject to revision or withdrawal at any time by the rating agencies.

Supplemental Guarantor Financial Information

CPRC, a 100%-owned subsidiary of CPKC, is the issuer of certain securities which are fully and unconditionally guaranteed by CPKC on an unsecured basis. The other subsidiaries of CPRC do not guarantee the securities and are referred to below as the “Non-Guarantor Subsidiaries”.

As of the date of filing this Form 10-Q, CPRC had U.S. $13,666 million principal amount of SEC-registered debt securities outstanding due through 2115 issued in the U.S. pursuant to a trust indenture, and U.S. $30 million and GBP £3 million in perpetual 4% consolidated debenture stock, for all of which CPKC is the guarantor subject to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended. As of the same date, CPRC also had $2,300 million principal amount of debt securities outstanding due through 2050 issued in Canada under our Canadian base shelf prospectus for which CPKC is the guarantor and not subject to the Exchange Act.

CPKC fully and unconditionally guarantees the payment of the principal (and premium, if any) and interest on the debt securities and consolidated debenture stock issued by CPRC, any sinking fund or analogous payments payable with respect to such securities, and any additional amounts payable when they become due, whether at maturity or otherwise. The guarantees are CPKC’s unsubordinated and unsecured obligations and rank equally with all of CPKC’s other unsecured, unsubordinated obligations. CPKC will be released and relieved of its obligations under the guarantees after obligations to the holders are satisfied in accordance with the terms of the respective instruments. More information on the securities under this guarantee structure can be found in Exhibit 22.1 List of Issuers and Guarantor Subsidiaries of this quarterly report.

Pursuant to Rules 3-01 and 13-01 of the SEC's Regulation S-X, the Company provides summarized financial and non-financial information of CPRC in lieu of providing separate financial statements of CPRC.

Summarized Financial Information

The following tables present summarized financial information for CPRC (Subsidiary Issuer) and CPKC (Parent Guarantor) on a combined basis after elimination of (i) intercompany transactions and balances among CPRC and CPKC; (ii) equity in earnings from and investments in the Non-Guarantor Subsidiaries; and (iii) intercompany dividend income.

Statement of Income Information

	CPRC (Subsidiary Issuer) and CPKC (Parent Guarantor)	
(in millions of Canadian dollars)	**For the three months ended March 31, 2025**	For the year ended December 31, 2024
Total revenues	**$ 1,774**	$ 6,877
Total operating expenses	**1,153**	4,300
Operating income[(1)]	**621**	2,577
Less: Other[(2)]	**88**	516
Income before income tax expense	**533**	2,061
Net income	**$ 397**	$ 1,496

[(1)] Includes net lease costs incurred from non-guarantor subsidiaries for the three months ended March 31, 2025 and for the year ended December 31, 2024 of $115 million and $462 million, respectively.
[(2)] Includes "Other expense (income)", "Other components of net periodic benefit recovery", and "Net interest expense".

Balance Sheet Information

	CPRC (Subsidiary Issuer) and CPKC (Parent Guarantor)	
(in millions of Canadian dollars)	**As at March 31, 2025**	As at December 31, 2024
Assets		
Current assets	**$ 1,281**	$ 1,237
Properties	**13,165**	12,904
Other non-current assets	**5,003**	4,901
Liabilities		
Current liabilities	**$ 2,859**	$ 4,128
Long-term debt	**20,956**	19,618
Other non-current liabilities	**3,894**	3,832

Excluded from the Income Statement and Balance Sheet information above are the following significant intercompany transactions and balances that CPRC and CPKC have with the Non-Guarantor Subsidiaries:

Transactions with Non-Guarantor Subsidiaries

	CPRC (Subsidiary Issuer) and CPKC (Parent Guarantor)	
(in millions of Canadian dollars)	**For the three months ended March 31, 2025**	For the year ended December 31, 2024
Dividend income from Non-guarantor subsidiaries	**$ 137**	$ 622
Return of capital from Non-Guarantor Subsidiaries	**—**	422

Balances with Non-Guarantor Subsidiaries

	CPRC (Subsidiary Issuer) and CPKC (Parent Guarantor)	
(in millions of Canadian dollars)	**As at March 31, 2025**	As at December 31, 2024
Assets		
Accounts receivable, intercompany	**$ 291**	$ 263
Short-term advances to affiliates	**171**	197
Long-term advances to affiliates	**11,081**	11,351
Liabilities		
Accounts payable, intercompany	**$ 219**	$ 230
Short-term advances from affiliates	**140**	130
Long-term advances from affiliates	**3,968**	3,968

Share Capital

As of April 29, 2025, the latest practicable date, there were 930,456,061 Common Shares issued and outstanding, which consisted of 13,504 holders of record of the Common Shares, and no preferred shares issued and outstanding. In addition, the Company has a Management Stock Option Incentive Plan ("MSOIP"), under which key officers and employees are granted options to purchase Common Shares. All number of options presented herein are shown on the basis of the number of Common Shares subject to the options. As of April 29, 2025, 6,539,911 options were outstanding under the MSOIP and stand-alone option agreements entered into with Mr. Keith Creel. There are 20,088,456 options available to be issued by the Company's MSOIP in the future. The Company also has a Directors' Stock Option Plan ("DSOP"), under which directors are granted options to purchase Common Shares. There are no outstanding options under the DSOP, which has 1,700,000 options available to be issued in the future.

Non-GAAP Measures

Beginning in the first quarter of 2025, Core adjusted diluted EPS and Core adjusted operating ratio have been used in continuity of Non-GAAP measures previously known as Core adjusted combined diluted EPS and Core adjusted combined operating ratio. No adjustments are required to Core adjusted combined diluted EPS and Core adjusted combined operating ratio as reported in 2024 to present them on a comparative basis as Core adjusted diluted EPS and Core adjusted operating ratio, as KCS was consolidated within the Company's results throughout the whole year and therefore, no combination adjustments exist.

The Company presents Non-GAAP measures, namely Core adjusted operating ratio and Core adjusted diluted EPS, to provide a basis for evaluating underlying earnings trends in the Company's current period's financial results that can be compared with the results of operations in prior periods. Management believes these Non-GAAP measures facilitate a multi-period assessment of long-term profitability.

These Non-GAAP measures have no standardized meanings and are not defined by accounting principles generally accepted in the United States of America ("GAAP") and, therefore, may not 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.

Non-GAAP Performance Measures

Management believes these Non-GAAP measures provide meaningful supplemental information about our operating results and improved comparability to past performance because they exclude certain significant items that are not considered indicative of future or past financial trends either by nature or amount. As a result, these items are excluded for management's assessment of operational performance, allocation of resources, and preparation of annual budgets. These significant items may include, but are not limited to, restructuring and asset impairment charges, individually significant gains and losses from sales of assets, acquisition-related costs, adjustments to provisions and settlements of Mexican taxes, discrete tax items, changes in income tax rates, changes to an uncertain tax item, and certain items outside the control of management. Acquisition-related costs include legal, consulting, integration costs including third-party services and system migration, debt exchange transaction costs, community investments, fair value gain or loss on FX forward contracts and interest rate hedges, restructuring, employee retention and synergy incentive costs, and transaction and integration costs incurred by KCS. These items may not be non-recurring and may include items that are settled in cash. Specifically, due to the magnitude of the acquisition, its significant impact to the Company's business and complexity of integrating the acquired business and operations, the Company continues to expect to incur acquisition-related costs beyond the year of acquisition. Management believes excluding these significant items from GAAP results provides an additional viewpoint which may give users a consistent understanding of the Company's financial performance when performing a multi-period assessment including assessing the likelihood of future results. Accordingly, these Non-GAAP financial measures may provide additional insight to investors and other external users of the Company's financial information.

In addition, Core adjusted operating ratio and Core adjusted diluted EPS exclude KCS purchase accounting. KCS purchase accounting represents the amortization of basis differences being the incremental depreciation and amortization in relation to fair value adjustments to properties and intangible assets, incremental amortization in relation to fair value adjustments to KCS's investments, amortization of the change in fair value of debt of KCS assumed on April 14, 2023 (the "Control Date"), and depreciation and amortization of fair value adjustments that are attributable to the non-controlling interest, as recognized within "Depreciation and amortization", "Other expense (income)", "Net interest expense", and "Net loss attributable to non-controlling interest", respectively, in the Company's Interim Consolidated Statements of Income. All assets subject to KCS purchase accounting contribute to income generation and will continue to amortize over their estimated useful lives. Excluding KCS purchase accounting from GAAP results provides financial statement users with additional transparency by isolating the impact of KCS purchase accounting.

Significant items that impact Net income attributable to controlling shareholders as reported on a GAAP basis for the first three months of 2025 and 2024 include:

2025:

- Acquisition-related costs of $20 million in connection with the KCS acquisition ($15 million after current income tax recovery of $5 million) including costs of $5 million recognized in "Compensation and benefits" primarily related to restructuring costs, retention and synergy related incentive compensation costs; $1 million recognized in "Materials"; and $14 million recognized in "Purchased services and other" primarily related to system migration, legal fees, and other third party purchased services, that unfavourably impacted Diluted EPS by 2 cents.

2024:

- Adjustments to provisions and settlements of Mexican taxes of $10 million expense ($10 million after deferred income tax recovery) recognized in "Compensation and benefits", that unfavourably impacted Diluted EPS by 1 cent; and
- Acquisition-related costs of $26 million in connection with the KCS acquisition ($20 million after current income tax recovery of $6 million) including an expense of $4 million recognized in "Compensation and benefits" primarily related to retention and synergy related incentive compensation costs; $2 million recognized in "Materials"; and $20 million recognized in "Purchased services and other" primarily related to software costs, relocation costs, and other third party purchased services, that unfavourably impacted Diluted EPS by 2 cents.

KCS purchase accounting included in Net income attributable to controlling shareholders as reported on a GAAP basis for the first three months of 2025 and 2024 was as follows:

2025:

- KCS purchase accounting of $92 million ($67 million after deferred income tax recovery of $25 million), including costs of $87 million recognized in "Depreciation and amortization", $1 million recognized in "Purchased services and other" related to the amortization of equity investments, $5 million recognized in "Net interest expense", $1 million recognized in "Other expense (income)", and a recovery of $2 million recognized in "Net loss attributable to non-controlling interest", that unfavourably impacted Diluted EPS by 7 cents.

2024:

- KCS purchase accounting of $84 million ($61 million after deferred income tax recovery of $23 million), including costs of $79 million recognized in "Depreciation and amortization", $1 million recognized in "Purchased services and other" related to the amortization of equity investments, $5 million recognized in "Net interest expense", $1 million recognized in "Other expense (income)", and a recovery of $2 million recognized in "Net loss attributable to non-controlling interest", that unfavourably impacted Diluted EPS by 7 cents.

Reconciliation of GAAP Performance Measures to Non-GAAP Performance Measures

The following tables reconcile the most directly comparable measures presented in accordance with GAAP to the Non-GAAP measures:

Core Adjusted Diluted Earnings per Share

Core adjusted diluted EPS is calculated using Diluted EPS reported on a GAAP basis adjusted for significant items less KCS purchase accounting.

	For the three months ended March 31	
	2025	2024
Diluted earnings per share as reported	**$ 0.97**	$ 0.83
Less:		
Significant items (pre-tax):		
Adjustments to provisions and settlements of Mexican taxes	**—**	(0.01)
Acquisition-related costs	**(0.02)**	(0.03)
KCS purchase accounting	**(0.10)**	(0.09)
Add:		
Tax effect of adjustments[(1)]	**(0.03)**	(0.03)
Core adjusted diluted earnings per share	**$ 1.06**	$ 0.93

[(1)] The tax effect of adjustments was calculated as the pre-tax effect of the significant items and KCS purchase accounting listed above multiplied by the applicable tax rate for the above items of 26.76% for the three months ended March 31, 2025 and 24.61% for the three months ended March 31, 2024. The applicable tax rates reflect the taxable jurisdictions and nature, being on account of capital or income, of the adjustments.

Core Adjusted Operating Ratio

Core adjusted operating ratio is calculated from reported GAAP revenue and operating expenses adjusted for, where applicable, (1) significant items (acquisition-related costs and adjustments to provisions and settlement of Mexican taxes) that are reported within Operating income, and (2) KCS purchase accounting recognized in "Depreciation and amortization" and "Purchased services and other".

	For the three months ended March 31	
	2025	2024
Operating ratio as reported	**65.3 %**	67.4 %
Less:		
Adjustments to provisions and settlements of Mexican taxes	**— %**	0.3 %
Acquisition-related costs	**0.5 %**	0.8 %
KCS purchase accounting in Operating expenses	**2.3 %**	2.3 %
Core adjusted operating ratio	**62.5 %**	64.0 %

Critical Accounting Estimates

To prepare Consolidated Financial Statements that conform with GAAP, the Company is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements, and the reported amounts of revenues and expenses during the reported periods. Using the most current information available, the Company reviews estimates on an ongoing basis, including those related to goodwill and intangible assets, pensions and other benefits, properties, contingent liabilities, and deferred income taxes. Additional information concerning critical accounting estimates is included in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company's 2024 Annual Report on Form 10-K.

The development, selection and disclosure of these estimates, and this MD&A, have been reviewed by the Board of Directors' Audit and Finance Committee, which is composed entirely of independent directors.

Forward-Looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations and Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of the *United States Private Securities Litigation Reform Act of 1995* and forward-looking information within the meaning of other relevant securities legislation, including applicable securities laws in Canada (collectively referred to herein as "forward-looking statements"). Forward-looking statements typically include words such as “financial expectations”, “key assumptions”, “anticipate”, “believe”, “expect”, "project", "estimate", "forecast", “plan”, "intend", "target", “will”, “outlook”, "guidance", “should” or similar words suggesting future outcomes. All statements other than statements of historical fact may be forward-looking statements. To the extent that the Company has provided forecasts or targets using Non-GAAP financial measures, the Company may not be able to provide a reconciliation to the most directly comparable GAAP measures without unreasonable efforts, due to unknown variables and uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value. In recent years, CPKC has recognized acquisition-related costs, KCS purchase accounting, adjustments to provisions and settlements of Mexican taxes, changes in income tax rates and a change to an uncertain tax item. These or other similar large unforeseen transactions affect CPKC's results on a GAAP basis but may be excluded from CPKC’s Non-GAAP financial measures. Additionally, the U.S.-to-Canadian dollar exchange rate is unpredictable and can have a significant impact on CPKC’s reported results but may be excluded from CPKC’s Non-GAAP financial measures.

This Management's Discussion and Analysis of Financial Condition and Results of Operations and Quarterly Report on Form 10-Q includes forward-looking statements relating, but not limited to statements concerning integration of KCS, forecasted performance factors, the Company's intention to indefinitely reinvest in its foreign investments, the Company’s expected impacts resulting from changes in the U.S. dollar and Mexican peso exchange rates relative to the Canadian dollar, and the effective tax rate, as well as statements concerning the Company’s operations, anticipated financial performance, business prospects and strategies, including statements concerning the anticipation that cash flow from operations and various sources of financing will be sufficient to meet debt repayments and obligations in the foreseeable future and concerning anticipated capital programs, and statements regarding future payments including income taxes.

The forward-looking statements contained in this Management’s Discussion and Analysis of Financial Condition and Results of Operations and Quarterly Report on Form 10-Q are based on current expectations, estimates, projections and assumptions, having regard to the Company's experience and its perception of historical trends, and include, but are not limited to, expectations, estimates, projections and assumptions relating to: change in business strategies; North American and global economic growth; commodity demand growth; sustainable industrial and agricultural production; commodity prices and interest rates; foreign exchange rates (as specified herein); effective tax rates (as specified herein); performance of our assets and equipment; sufficiency of our budgeted capital expenditures in carrying out our business plan; geopolitical conditions; applicable laws, regulations and government policies, including, without limitation, those relating to regulation of rates, tariffs, import/export, trade, taxes, wages, labour and immigration; the availability and cost of labour, services and infrastructure; labour disruptions; and the satisfaction by third parties of their obligations to the Company. Although the Company 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 North American and global social, economic, political, credit and business conditions; risks associated with agricultural production such as weather conditions and insect populations; the availability and price of energy commodities; the effects of competition and pricing pressures; industry capacity; shifts in market demand; changes in commodity prices and commodity demand; uncertainty surrounding timing and volumes of commodities being shipped via the Company; inflation; geopolitical instability; changes in laws, regulations and government policies, including, without limitation, those relating to regulation of rates, tariffs, import/export, trade, wages, labour and immigration; changes in taxes and tax rates; potential increases in maintenance and operating costs; changes in fuel prices; disruption of fuel supplies; uncertainties of investigations, proceedings or other types of claims and litigation; compliance with environmental regulations; labour disputes; changes in labour costs and labour difficulties; risks and liabilities arising from derailments; transportation of dangerous goods; timing of completion of capital and maintenance projects; sufficiency of budgeted capital expenditures in carrying out business plans; services and infrastructure; the satisfaction by third parties of their obligations; currency and interest rate fluctuations; exchange rates; effects of changes in market conditions and discount rates on the financial position of pension plans and investments; trade restrictions, including the imposition of any tariffs, or other changes to international trade arrangements; the effects of current and future multinational trade agreements on or other developments affecting the level of trade among Canada, the U.S. and Mexico; climate change and the market and regulatory responses to climate change; anticipated in-service dates; success of hedging activities; operational performance and reliability; customer, regulatory and other stakeholder approvals and support; regulatory and legislative decisions and actions; the adverse impact of any termination or revocation by the Mexican government of the Concession; public opinion; various events that could disrupt operations, including severe weather, such as droughts, floods, avalanches, volcanism and earthquakes, and cybersecurity attacks, as well as security threats and governmental response to them, and technological changes; acts of terrorism, war or other acts of violence or crime or risk of such activities; insurance coverage limitations; material adverse changes in economic and industry conditions; the outbreak of a pandemic or contagious disease and the resulting effects on economic conditions, the demand environment for logistics requirements and energy prices; restrictions imposed by public health authorities or governments; fiscal and monetary policy responses by governments and financial institutions; disruptions to global supply chains; the realization of anticipated benefits and synergies of the CP-KCS transaction and the timing thereof; the satisfaction of the conditions imposed by the U.S. Surface Transportation Board in its March 15, 2023 decision; the successful integration of KCS into the Company; the focus of management time and attention on the CP-KCS transaction and other disruptions arising from the CP-KCS integration; estimated future dividends; financial strength and flexibility; debt and equity market conditions, including the ability to access capital markets on favourable terms or at all; cost of debt and equity capital; improvement in data collection and measuring systems; industry-driven changes to methodologies; and the ability of the management of CPKC to execute key priorities, including those in connection with the CP-KCS transaction. The foregoing list of factors is not exhaustive.

There are more specific factors that could cause actual results to differ materially from those described in the forward-looking statements contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations and Quarterly Report on Form 10-Q. These more specific factors are identified and discussed in Item 1A. Risk Factors of the Company's 2024 Annual Report on Form 10-K. Other risks are detailed from time to time in reports filed by the Company with securities regulators in Canada and the U.S., and filed on SEDAR+ (www.sedarplus.ca) and EDGAR (www.sec.gov).

The forward-looking statements contained in this Management’s Discussion and Analysis of Financial Condition and Results of Operations and Quarterly Report on Form 10-Q are made as of the date hereof. Except as required by law, the Company 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information concerning market risk sensitive instruments is set forth under Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Impact of FX on Earnings and Foreign Exchange Risk and Impact of Share Price on Earnings and Stock-Based Compensation.

Interest Rate Risk

Debt financing forms part of the Company's capital structure. The debt agreements entered into expose the Company to increased interest costs on future fixed debt instruments and existing variable rate debt instruments, should market rates increase.

As at March 31, 2025, a hypothetical one percentage point change in interest rates on the Company's floating rate debt obligations outstanding is not material. In addition, the present value of the Company’s assets and liabilities will also vary with interest rate changes. To manage interest rate exposure, the Company may enter into forward rate agreements such as treasury rate locks or bond locks that protect against interest rate increases. The Company may also enter into swap agreements whereby one party agrees to pay a fixed rate of interest while the other party pays a floating rate. Contingent on the direction of interest rates, the Company may incur higher costs depending on the contracted rate.

The fair value of the Company’s fixed rate debt may fluctuate with changes in market interest rates. A hypothetical one percentage point decrease in interest rates as of March 31, 2025 would increase the fair value of the Company's debt as at March 31, 2025 by approximately $1.8 billion (March 31, 2024 - approximately $1.8 billion). Fair values of the Company’s fixed rate debt are estimated by considering the impact of the hypothetical interest rates on quoted market prices and current borrowing rates, but do not consider other factors that could impact actual results.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As at March 31, 2025, an evaluation was carried out under the supervision of and with the participation of the Company's management, including its CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the *Exchange Act*. Based on that evaluation, the CEO and CFO concluded that these disclosure controls and procedures were effective as at March 31, 2025, to ensure that information required to be disclosed by the Company in reports that it files or submits under the *Exchange Act* is (i) recorded, processed, summarized and reported within the time periods specified by the SEC rules and forms and (ii) accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the first quarter of 2025, the Company has not identified any changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

For further details refer to Item 1. Financial Statements, Note 13 Contingencies.

SEC regulations require the disclosure of any proceeding under environmental laws to which a government authority is a party unless the registrant reasonably believes it will not result in sanctions over a certain threshold. The Company uses a threshold of U.S. $1 million for the purposes of determining proceedings requiring disclosure.

From time to time, the Company or its subsidiaries may be subject to information requests from U.S. State or Federal environmental regulatory authorities inquiring as to the Company’s compliance or remediation practices in the U.S. In September 2020, the Company received an initial request for information from the U.S. Environmental Protection Agency ("EPA") inquiring into the Company’s compliance with the mobile source provisions of the Clean Air Act (“CAA”). The Company has been providing information in response to the EPA’s initial and follow-up requests, and the EPA has issued Notices of Violations, which preliminarily identify certain categories of alleged non-compliance with civil provisions of the CAA pertaining to locomotives and locomotive engines. In December 2022, the U.S. Department of Justice (“DOJ”) sent a communication requesting a meeting with the Company to discuss potentially resolving any alleged noncompliance which included an initial draft consent decree from the DOJ. That initial meeting occurred in January 2023 and communications are ongoing. Neither the EPA nor the DOJ has issued a final compendium of alleged violations, demand for corrective or mitigating actions, or articulated a preliminary civil penalty assessment, and it remains too early to provide a fulsome evaluation of the likely outcome with respect to either the nature of any alleged violations or the amount of any potential civil penalty. The Company will continue to fully cooperate and engage in discussions to resolve the matter.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors from the information provided in Item 1A. Risk Factors of the Company's 2024 Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchase of Equity Securities

The Company has established a share repurchase program which is further described in Item 1. Financial Statements, Note 10 Share repurchase. The following table presents the number of Common Shares repurchased during each month of the first quarter of 2025 and the average price paid by CPKC for the repurchase of such Common Shares:

Period	Total Number of Shares (or Units) Purchased[1]	Average Price Paid per Share (or Unit)[2]	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs[1]	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that may yet be purchased under the Plans or Programs
Common Stock				
January 1-31, 2025	—	$ —	—	—
February 1-28, 2025	—	$ —	—	—
March 1-31, 2025	3,480,658	$ 107.68	3,480,658	33,867,881
Total	3,480,658	$ 107.68	3,480,658	33,867,881

(1) Includes shares repurchased but not yet cancelled at end of period.
(2) Includes brokerage fees and applicable tax on share repurchases.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit	Description
3.1	Restated Certificate and Articles of Incorporation of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 99.2 to Canadian Pacific Railway Limited's Form 6-K filed with the Securities and Exchange Commission on October 22, 2015, File No. 001-01342).
3.2	Articles of Amendment to Restated Certificate and Articles of Incorporation of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 3.1 to Canadian Pacific Railway Limited's Form 8-K filed with the Securities and Exchange Commission on May 5, 2021, File No. 001-01342).
3.3	Articles of Amendment to Restated Certificate and Articles of Incorporation of Canadian Pacific Kansas City Limited (incorporated by reference to Exhibit 3.1 to Canadian Pacific Kansas City Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 14, 2023, File No. 001-01342).
3.4	By-law No. 1, as amended, of Canadian Pacific Kansas City Limited (incorporated by reference to Exhibit 3.4 to Canadian Pacific Kansas City Limited's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on April 27, 2023, File No. 001-01342).
3.5	Amended and Restated By-law No. 2 of Canadian Pacific Kansas City Limited (incorporated by reference to Exhibit 3.1 to Canadian Pacific Kansas City Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission February 11, 2025, File No. 001-01342).
3.6	General By-law, as amended, of Canadian Pacific Railway Company, a wholly owned subsidiary of Canadian Pacific Railway Limited (incorporated by reference to Exhibit 2 to Canadian Pacific Railway Limited's Form 6-K filed with the Securities and Exchange Commission on May 22, 2009, File No. 001-01342).
4.1	Seventh Supplemental Indenture, dated as of March 17, 2025, by and among Canadian Pacific Railway Company, as issuer, Canadian Pacific Kansas City Limited, as guarantor, and Computershare Trust Company N.A., as successor to Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.2 to Canadian Pacific Kansas City Limited's Form 8-K filed with the Securities and Exchange Commission on March 17, 2025, File No. 001-01342).
4.2	Form of 4.800% Note due 2030 (incorporated by reference to Exhibit 4.3 to Canadian Pacific Kansas City Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 17, 2025, File No. 001-01342).
4.3	Form of 5.200% Note due 2035 (incorporated by reference to Exhibit 4.4 to Canadian Pacific Kansas City Limited's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 17, 2025, File No. 001-01342).
10.1* **	Restricted Share Unit Plan for Eligible Employees of Canadian Pacific Kansas City Limited, effective August 2, 2011, as amended February 21, 2013 and April 29, 2025.
22.1**	List of Issuers and Guarantor Subsidiaries
31.1**	CEO Rule 13a-14(a) Certifications
31.2**	CFO Rule 13a-14(a) Certifications
32.1**	CEO Section 1350 Certifications
32.2**	CFO Section 1350 Certifications
101.INS**	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH**	Inline XBRL Taxonomy Extension Schema Document
101.CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB**	Inline XBRL Taxonomy Extension Label Linkbase Document
101.DEF**	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase Document
	The following financial information from Canadian Pacific Kansas City Limited's Quarterly Report on Form 10-Q for the first quarter ended March 31, 2025, formatted in Extensible Business Reporting Language (XBRL) includes: (i) the Interim Consolidated Statements of Income for the first three months ended March 31, 2025 and 2024; (ii) the Interim Consolidated Statements of Comprehensive Income for the first three months ended March 31, 2025 and 2024; (iii) the Interim Consolidated Balance Sheets at March 31, 2025, and December 31, 2024; (iv) the Interim Consolidated Statements of Cash Flows for the first three months ended March 31, 2025 and 2024; (v) the Interim Consolidated Statements of Changes in Equity for the first three months ended March 31, 2025 and 2024; and (vi) the Notes to Interim Consolidated Financial Statements.
104**	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Management contract or compensatory arrangement
** Filed with this Quarterly Report on Form 10-Q

RESTRICTED SHARE UNIT PLAN FOR ELIGIBLE EMPLOYEES OF CANADIAN PACIFIC KANSAS CITY LIMITED

In effect August 2, 2011, amended February 21, 2013 and April 29, 2025

1. PREAMBLE AND DEFINITIONS

1.1 **Title.**
The Plan described in this document shall be called the "Restricted Share Unit Plan for Eligible Employees of Canadian Pacific Kansas City Limited".

1.2 **Purposes of the Plan.**
The purposes of the Plan are:

a. to promote a further alignment of interests between employees and the shareholders of the Corporation;
b. to associate a portion of employees' compensation with the returns achieved by shareholders of the Corporation over the medium term; and
c. to retain key talent with critical knowledge, experience and expertise required by the Corporation.

1.3 **Definitions.**
1.3.1 **"Applicable Law"** means any applicable provision of law, domestic or foreign, including, without limitation, applicable tax and securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder, and Stock Exchange Rules.

1.3.2 **"Beneficiary"** means, subject to Applicable Law, the person who has been designated by an Eligible Employee, in such form and manner as the Plan Administrator may determine, to receive benefits payable under the Plan upon the death of the Eligible Employee, or, where no such designation is validly in effect at the time of death, the Eligible Employee's estate.

1.3.3 **"Board"** means the Board of Directors of the Corporation.

1.3.4 "**Canadian Eligible Employee"** means any Eligible Employee who is a resident of Canada or otherwise subject to tax under the Tax Act in respect of the RSUs granted to such Eligible Employee.

1.3.5 **"Cause"** in respect of an Eligible Employee means

(a) the continued failure by the Eligible Employee to substantially perform his or her duties in connection with his or her employment by, or service to, the Corporation or any Subsidiary (other than as a result of physical or mental illness) after the Corporation or any Subsidiary has given the Eligible Employee reasonable written notice of such failure and a reasonable opportunity to correct it;
(b) the engaging by the Eligible Employee in any act which is materially injurious to the Corporation or any Subsidiary or their reputation, financially or otherwise;
(c) the engaging by the Eligible Employee in any act resulting or intended to result, directly or indirectly, in personal gain to the Eligible Employee at the expense of the Corporation or any Subsidiary;
(d) the conviction of the Eligible Employee by a court of competent jurisdiction on any charge involving fraud, theft or moral turpitude by the Eligible Employee in connection with the business of the Corporation or any Subsidiary; or

(e) any other conduct that constitutes ‘cause’ at common law in Canada or ‘cause’ or similar concept under Applicable Law or contract in the United States, as applicable.

1.3.6 **“Change in Control”** means the occurrence of any of the following events:
(a) the initial acquisition by any person, or any persons acting jointly or in concert (as determined by the *Securities Act* (Alberta)), whether directly or indirectly, of voting securities of the Corporation which, together with all other voting securities of the Corporation held by such person or persons, constitutes, in the aggregate, more than 20% of all outstanding voting securities of the Corporation;
(b) an amalgamation, arrangement, or other form of business combination of the Corporation with another corporation which results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of all outstanding voting securities of the corporation resulting from the business combination;
(c) a sale, disposition, lease or exchange to or with another person or persons (other than a Subsidiary) of property of the Corporation representing 50% or more of the net book value of the assets of the Corporation, determined as of the date of the most recently published audited annual or unaudited quarterly interim financial statements of the Corporation; or
(d) a change in the composition of the Board over any twelve month period commencing after the applicable Grant Date such that more than 50% of the persons who were directors of the Corporation at the beginning of the period are no longer directors at the end of the period, unless such change is as a result of normal attrition.

1.3.7 **“Corporation”** means Canadian Pacific Kansas City Limited and any successor corporation whether by amalgamation, merger or otherwise.

1.3.8 **“Eligible Employee”** means an employee of the Corporation or a Subsidiary as the Plan Administrator may designate as eligible to participate in the Plan.

1.3.9 **“Employed”** means, with respect to an Eligible Employee, that:
(a) he is performing work at a workplace of the Corporation or a Subsidiary or at one or more locations approved by the Corporation or a Subsidiary (in this section 1.3.9, an “approved workplace”); or he is not actively at work at an approved workplace due to an approved leave of absence where the period of leave is less than twelve months; or
(b) he is not actively at work at an approved workplace due to an approved leave of absence where the period of leave is at least twelve months.

For greater certainty, except as expressly provided herein, an individual whose employment has been terminated without Cause by the Corporation or a Subsidiary shall not be considered to be “Employed” for purposes of the Plan during any contractual or common law notice period that exceeds his or her period of statutory notice of termination of employment, if any, under applicable legislation. The individual shall be considered to have ceased to be “Employed” for purposes of the Plan on the date on which his or her period of statutory notice of termination of employment, if any, under applicable legislation ends. Notwithstanding the foregoing, an individual who receives a notice of termination of employment from the Corporation or a Subsidiary shall continue to be considered “Employed” for the purposes of the Plan while he continues to perform work at an approved workplace during a working notice period.

1.3.10 **“Grant”** means a grant of RSUs made pursuant to Section 4.1.

1.3.11 **“Grant Agreement”** means an agreement between the Corporation and an Eligible Employee in respect of an RSU granted under the Plan, as contemplated by Section 4.1, together with such schedules, amendments, deletions or changes thereto as are permitted under the Plan.

1.3.12 **“Grant Date”** means the effective date of a Grant.

1.3.13 **“Market Value”** means, with respect to any particular date, the average closing price per Share on the Stock Exchange during the immediately preceding 30 Trading Days; provided that if the date in respect of which the Market Value is to be calculated occurs after a Change in Control and the Shares do not then trade on a Stock Exchange, the reference date for such calculation shall not be the applicable Vesting Date but rather the effective date of the Change in Control.

1.3.14 **"Plan"** means this Restricted Share Unit Plan for Eligible Employees of Canadian Pacific Kansas City Limited, including any schedules or appendices hereto, as amended, supplemented and/or restated from time to time.

1.3.15 **“Plan Administrator”** means the Board, the Management Resources and Compensation Committee of the Board, the President and Chief Executive Officer of the Corporation, or such other person who may be appointed by the Board or the Management Resources and Compensation Committee of the Board to, among other things, interpret, administer and implement the Plan.

1.3.16 **“RSU” (or “Restricted Share Unit”)** means a conditional right, granted to an Eligible Employee, to receive, upon vesting thereof, a cash payment equal to the Market Value of one Share, all in accordance with the terms and conditions of the Plan.

1.3.17 **“RSU Account”** has the meaning set out in Section 5.1.

1.3.18 **“Retirement”** means the Eligible Employee’s cessation of employment with the Corporation or a Subsidiary, as applicable, at or after the normal or early retirement age established by the Corporation or a Subsidiary from time to time, where the Eligible Employee gives notice to the Corporation or a Subsidiary in accordance with the retirement policy established by the Corporation or a Subsidiary from time to time.

1.3.19 **“Service Year”** has the meaning set out in Section 4.1.

1.3.20 **“Share”** means a common share of the Corporation and such other share as may be substituted for it as a result of amendments to the articles of the Corporation, arrangement, reorganization or otherwise, including any rights that form a part of the common share or substituted share.

1.3.21 **“Stock Exchange”** means the Toronto Stock Exchange with respect to RSUs granted to Eligible Employees who are, at the Grant Date, ordinarily paid in Canadian dollars, and the New York Stock Exchange with respect to RSUs granted to Eligible Employees who are, at the Grant Date, ordinarily paid in any other lawful currency, or if the Shares are not listed on the Toronto Stock Exchange or the New York Stock Exchange, as applicable, such other stock exchange on which the Shares are listed, or if the Shares are not listed on any stock exchange, then on the over-the-counter market.

1.3.22 **"Stock Exchange Rules"** means the applicable rules of any Stock Exchange upon which the Shares are listed.

1.3.23 **"Subsidiary"** means any corporation that is a subsidiary of the Corporation as defined in the *Canada Business Corporations Act*.

1.3.24 "**Tax Act**" means the *Income Tax Act* (Canada) and any regulations thereto, as may be amended or replaced from time to time.

1.3.25 **"Trading Day"** means any date on which the Stock Exchange is open for the trading of Shares and on which Shares are actually traded.

1.3.26 **"Vesting Date"** means, with respect to a Grant, the date in the future determined by the Plan Administrator at the time of the Grant for the vesting of applicable RSUs.

1.3.27 **"Vesting Period"** means the period commencing on the Grant Date and ending on the Vesting Date.

2. CONSTRUCTION AND INTERPRETATION

2.1 **Gender, Singular, Plural.** In the Plan, references to the masculine include the feminine; and references to the singular shall include the plural and vice versa, as the context shall require.

2.2 **Governing Law.** The Plan shall be governed and interpreted in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, and any actions, proceedings or claims in any way pertaining to the Plan shall be commenced in the courts of the Province of Alberta.

2.3 **Severability.** If any provision or part of the Plan is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof.

2.4 **Headings, Sections.** Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions herein contained. A reference to a section or schedule shall, except where expressly stated otherwise, mean a section or schedule of the Plan, as applicable.

3. EFFECTIVE DATE AND EMPLOYMENT RIGHTS

3.1 **Effective Date.** The Corporation established the Plan effective on August 2, 2011. The Plan was amended on February 21, 2013 and on April 29, 2025. The amendments made effective April 29, 2025 shall apply to all outstanding RSUs granted after the date hereof.

3.2 **No Employment Rights.** Nothing contained in the Plan shall be deemed to give any person the right to continue as an employee of the Corporation or of a Subsidiary.

4. GRANTS

4.1 **Grant of RSUs.** Subject to the provisions of the Plan and such other terms and conditions as may be prescribed by the Board or the Management Resources and Compensation Committee of the Board, the Plan Administrator may, from time to time, grant RSUs to any Eligible Employee in such number and with effect from such date as the Plan Administrator may specify.

All RSUs shall be subject to the applicable provisions of the Plan, including the following terms and conditions, and to such other terms and conditions not inconsistent herewith as may be determined by the Board or the Management Resources and Compensation Committee and set forth in the applicable Grant Agreement; provided that all RSUs granted to a Canadian Eligible Employee shall have such terms and conditions necessary to ensure that such RSUs comply, at all times, with the requirements of paragraph (k) of the exception to the definition of "salary deferral arrangement" in subsection 248(1) of the Tax Act.

At the time of grant of any RSU to a Canadian Eligible Employee, the Grant Agreement may specify the calendar year of service of the Eligible Employee in respect of which the RSU is granted (the "**Service Year**") and, if no such Service Year is specified, the Service Year shall be the calendar year which includes the Grant Date. Notwithstanding any provision of the Plan to the contrary, all RSUs shall be granted as an addition to, and not in substitution of or in lieu of, ordinary salary or wages received by an Eligible Employee in respect of their services to the Corporation or a Subsidiary.

Each Grant and the participation of an Eligible Employee in the Plan may be evidenced by a Grant Agreement between the Corporation and the Eligible Employee in a form approved by the Plan Administrator.

Participation in the Plan by any Eligible Employee shall be construed as acceptance by the Eligible Employee of the terms and conditions of the Plan and all rules and procedures adopted hereunder, as amended from time to time.

4.2 **Vesting Terms.** Subject to the provisions of the Plan, RSUs shall vest at such time and be subject to such other terms and conditions as may be determined by the Plan Administrator and set forth in the applicable Grant Agreement; provided that, for RSUs granted to a Canadian Eligible Employee, such RSUs must become vested (or be forfeited if not vested) no later than December 15th of the third calendar year following the applicable Service Year.

4.3 **Administration.** The Plan Administrator shall administer the Plan in accordance with its terms. Subject to and consistent with the terms of the Plan, in addition to any authority of the Plan Administrator specified under any other terms of the Plan, the Plan Administrator shall have full and complete discretionary authority to:

(i) interpret the Plan and Grant Agreements;

(ii) prescribe, amend and rescind such rules and regulations and make all determinations necessary or desirable for the administration and interpretation of the Plan and Grant Agreements;

(iii) determine those Eligible Employees who may be granted RSUs, grant one or more RSUs to such Eligible Employees and approve or authorize the applicable form and terms of the related Grant Agreements;

(iv) determine the terms and conditions of RSUs granted to any Eligible Employee, including,

(A) the number of RSUs subject to a Grant,
(B) the Vesting Period applicable to a Grant,
(C) the circumstances upon which an RSU shall be forfeited, cancelled or expire and
(D) the consequences of an Eligible Employee ceasing to be Employed with respect to an RSU;

(v) amend the terms of any outstanding RSU granted under the Plan, provided that such amendment shall not materially adversely affect the rights of an Eligible Employee without the consent of such Eligible Employee; and

(vi) determine whether, and the extent to which, adjustments shall be made pursuant to Section 5.3 and the terms of any such adjustments.

4.4 **Effects of Plan Administrator's Decision**. Any interpretation, rule, regulation, determination or other act of the Plan Administrator hereunder shall be made in its sole discretion and shall be conclusively binding upon all persons.

4.5 **Liability Limitation**. No member of the Board or the Management Resources and Compensation Committee of the Board, nor any individual Plan Administrator, shall be liable for any action or determination made in good faith pursuant to the Plan or any instrument of grant evidencing any RSU granted under the Plan. To the fullest extent permitted by law, the Corporation and its Subsidiaries shall indemnify and save harmless each person made, or threatened to be made, a party to any action or proceeding in respect of the Plan by reason of the fact that such person is or was a member of the Board or the Management Resources and Compensation Committee of the Board, or is or was a Plan Administrator.

4.6 **Delegation and Administration**. The Plan Administrator may, in its discretion, delegate such of its powers, rights and duties under the Plan, in whole or in part, to any one or more directors, officers or employees of the Corporation as it may determine from time to time, on terms and conditions as it may determine, except the Plan Administrator shall not, and shall not be permitted to, delegate any such powers, rights or duties to the extent such delegation is not consistent with Applicable Law. The Plan Administrator may also appoint or engage a trustee, custodian or administrator to administer or implement the Plan or any aspect of it, except that the Plan Administrator shall not, and shall not be permitted to, appoint or engage such a trustee, custodian or administrator to the extent such appointment or engagement is not consistent with Applicable Law.

5. ACCOUNTS, DIVIDEND EQUIVALENTS AND REORGANIZATION

5.1 **RSU Account.** An account, called an "RSU Account", shall be maintained by the Corporation, or a Subsidiary, as specified by the Plan Administrator, for each Eligible Employee and will be credited with such number of RSUs as are granted to an Eligible Employee from time to time pursuant to Section 4.1 and any dividend equivalent RSUs granted pursuant to Section 5.2. RSUs that fail to vest (including pursuant to Section 6), or that are paid out to the Eligible Employee or his Beneficiary, shall be cancelled and shall cease to be recorded in the Eligible Employee's RSU Account as of the date on which such RSUs are cancelled under the Plan.

5.2 **Dividend Equivalent RSUs.** Unless otherwise specified in the Grant Agreement, each Grant shall be deemed to provide for the accrual of dividend equivalent amounts for the account of an Eligible Employee as hereinafter provided with respect to cash dividends paid in the ordinary course to shareholders in respect of outstanding Shares. Subject to the terms of the Grant

Agreement, if and when cash dividends are paid with respect to Shares (other than any extraordinary dividend) to shareholders of record as of a record date occurring during the applicable Vesting Period, a number of additional RSUs shall be automatically granted to the Eligible Employee who is a party to such Grant Agreement in such number equal to the product of (i) the cash dividend paid with respect to a Share multiplied by (ii) the number of RSUs subject to such Grant (including related dividend equivalent RSUs granted pursuant to this Section 5.2 prior to the applicable record date) as of the record date for the dividend, divided by the closing price of a Share on the Stock Exchange on the date on which the dividend is paid. The additional RSUs granted to an Eligible Employee shall be granted as a bonus for services rendered in the year of crediting and shall be subject to the same terms, including vesting and settlement terms, as the corresponding RSUs.

5.3 **Adjustments.** In the event of any stock dividend, stock split, combination or exchange of Shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of the Corporation's assets to shareholders, or any other change in the capital of the Corporation affecting the Shares, such proportionate adjustments, if any, as the Plan Administrator in its discretion may deem appropriate to reflect such change, shall be made with respect to the number of RSUs outstanding under the Plan; provided that any such adjustments shall be such so as to ensure that any RSUs granted to Canadian Eligible Employees comply, at all times, with the requirements of paragraph (k) of the exception to the definition of "salary deferral arrangement" in subsection 248(1) of the Tax Act.

6. VESTING AND SETTLEMENT OF SHARE UNITS

6.1 **Settlement.** Subject to Section 6.3, RSUs shall vest upon, and be settled upon or as soon as reasonably practicable following (but in no event later than 30 days after), the Vesting Date applicable to such RSUs; provided that RSUs granted to Canadian Eligible Employees shall be settled no later than the earlier of 30 days after such Vesting Date and December 31 of the third calendar year following the Service Year. Settlement of vested RSUs shall be made by payment in cash, subject to payment or other satisfaction of all related withholding obligations in accordance with Section 9.3 and the terms of the applicable Grant Agreement, of an aggregate amount equal to the product of A multiplied by B, where:

"A" equals the Market Value on the Vesting Date; and

"B" equals the number of RSUs then being settled**.**

6.2 **Failure to Vest.** An Eligible Employee shall have no right to receive a cash payment or any other compensation with respect to any RSUs that do not vest in accordance with the terms and conditions of the Plan. Without limiting the foregoing, the Eligible Employee waives any and all right to damages in respect of such forfeited RSUs.

6.3 **Continued Employment**. Subject to Sections 4.2, 6.4 and 6.5, RSUs relating to a Grant shall vest and be settled in accordance with Section 6.1 provided that the Eligible Employee is Employed on the Vesting Date in respect of such Grant. For greater certainty, an Eligible Employee shall not be considered to be Employed on a Vesting Date if, prior to such Vesting Date, such Eligible Employee received a payment in lieu of notice of termination of employment, whether under a contract of employment, as damages or otherwise (the Corporation and its Subsidiaries do not intend to and shall not make payments in lieu of notice as a substitute for RSUs that are subject to taxation under the U.S. Code (as defined below)). Further, in the event an Eligible Employee has been Employed in accordance with section 1.3.9(b) during the Vesting Period in respect of a Grant, the number of RSUs relating to such Grant that become vested on a Vesting Date shall be determined by the formula A x B/C, where

"A" equals the total number of RSUs relating to such Grant that would have vested had the Eligible Employee been Employed in accordance with section 1.3.9(a) throughout such Vesting Period;

"B" equals the total number of months during such Vesting Period in which the Eligible Employee was Employed in accordance with section 1.3.9(a) (rounded up to the nearest whole number of months); and

"C" equals the total number of months in the Vesting Period relating to such Grant.

6.4 **Termination of Employment for Cause and Resignation and Retirement** In the event an Eligible Employee's employment is terminated for Cause by the Corporation, or a Subsidiary, as applicable, or the Eligible Employee otherwise ceases to be Employed for any reason other than as provided in Section 6.5, each prior to the Vesting Date relating to a Grant, unless otherwise determined by the Plan Administrator in connection with the Retirement of an Eligible Employee (in which case the Eligible Employee shall be deemed instead to have ceased to be Employed by reason of termination of employment without Cause under Section 6.5), no RSUs relating to such Grant and no dividend equivalent RSUs in respect of such RSUs shall vest.

6.5 **Termination of Employment without Cause and Death**
Unless otherwise determined by the Plan Administrator, in the event an Eligible Employee ceases to be Employed by reason of termination of employment without Cause or death prior to the Vesting Date relating to a Grant, a number of RSUs (the "Pro-Rated RSUs") determined by the formula A x B/C, where

"A" equals the total number of RSUs relating to such Grant, being the number of RSUs credited to the Eligible Employee's RSU Account as at the Grant Date in respect of such Grant;

"B" equals the total number of months between the first day of the Vesting Period for such Grant and the date the Eligible Employee ceases to be Employed (rounded up to the nearest whole number of months); and

"C" equals the total number of months in the Vesting Period relating to such Grant,

together with any dividend equivalent RSUs relating to such Pro-Rated RSUs, shall be eligible to become vested RSUs subject to satisfaction or waiver by the Plan Administrator of any conditions relating to such Grant. Pro-Rated RSUs under this Section 6.5 that become vested RSUs (including dividend equivalent RSUs relating to such Pro-Rated RSUs) shall be settled in accordance with Section 6.1; provided that (i) the date on which the Eligible Employee ceases to be Employed by reason of death shall be deemed to be the Vesting Date for purposes thereof, (ii) for RSUs that are not subject to taxation under the U.S. Code (as defined below), the date on which the Eligible Employee ceases to be Employed by reason of termination of employment without Cause shall be deemed to be the Vesting Date for purposes thereof, and (iii) if the date on which the Eligible Employee ceases to be Employed by reason of termination of employment without Cause occurs after a Change in Control, “B” shall be deemed to equal “C”.

6.6 **Change in Control**
In the event of a Change in Control prior to the Vesting Date relating to a Grant, RSUs subject to such Grant shall not be affected and shall continue to vest as per the terms hereof, unless an Eligible Employee ceases to be Employed by reason of termination of employment without Cause after such a Change in Control, in which case 100% of such Eligible Employee’s RSUs (including any dividend equivalent RSUs) shall vest on the applicable Vesting Date and there shall be no pro-rata vesting thereof. Section 6.5 has been drafted to provide for the foregoing and this Section 6.6 is included solely for clarification purposes.

7. CURRENCY
7.1 **Currency.** Any payment made in respect of the settlement of a vested RSU shall be made in the lawful currency in which the Eligible Employee is paid in at the time of such payment. If any amount has to be converted into such currency, such conversion shall be made based on such reasonable exchange rate as is determined by the Plan Administrator.

8. SHAREHOLDER RIGHTS
8.1 **No Rights to Shares.** RSUs are not Shares and the grant of RSUs will not entitle an Eligible Employee to any shareholder rights, including, without limitation, voting rights, dividend entitlement or rights on liquidation.

9. MISCELLANEOUS
9.1 **Compliance with Laws and Policies.** The Corporation’s issuance of any RSUs and its obligation to make any payments is subject to compliance with Applicable Laws. Each Eligible Employee shall acknowledge and agree (and shall be conclusively deemed to have so acknowledged and agreed by participating in the Plan) that the Eligible Employee will, at all times, act in strict compliance with Applicable Law and all other laws and any policies of the Corporation applicable to the Eligible Employee in connection with the Plan including, without limitation, furnishing to the Corporation all information and undertakings as may be required to permit compliance with Applicable Law.

9.2 **Section 409A of U.S. Internal Revenue Code of 1986, as amended (the “U.S. Code”).** All RSUs that are subject to taxation under the U.S. Code are intended to comply with the requirements of Section 409A of the U.S. Code, and the Plan shall be interpreted and construed consistently with such intent. The Corporation makes no representation that payments under this Plan comply in all respects with Section 409A of the U.S. Code and each Eligible Employee is solely responsible for all tax liability with respect to any payments hereunder, except to the extent that the Corporation has withheld applicable taxes from such payments.

9.3 **Withholdings.** So as to ensure that the Corporation or a Subsidiary, as applicable, will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, including on the amount, if any, includable in the income of an Eligible Employee, the Corporation, or a Subsidiary, as applicable, shall withhold or cause to be withheld from any amount payable to an Eligible Employee, either under this Plan, or otherwise, such amount as may be necessary to permit the Corporation or the Subsidiary, as applicable, to so comply.

9.4 **No Additional Rights.** Neither the designation of an employee as an Eligible Employee nor the grant of any RSUs to any Eligible Employee entitles any person to the grant, or any additional grant, as the case may be, of any RSUs under the Plan.

9.5 **Amendment, Termination.** The Plan may be amended, supplemented, restated or terminated at any time by resolution of the Board or the Management Resources and Compensation Committee of the Board in whole or in part, without the consent of any Eligible Employee, provided that no such change may materially adversely affect the rights of any such Eligible Employee, without the consent of the Eligible Employee, with respect to RSUs that have been granted as of the date on which the aforementioned resolution is approved.

9.6 **Administration Costs.** The Corporation will be responsible for all costs relating to the administration of the Plan.

9.7 **Unfunded Obligation.** The obligation to make payments that may be required to be made under the Plan will be an unfunded and unsecured obligation of the Corporation or a Subsidiary, as applicable, unless otherwise determined by the Corporation. The Plan, or any provision thereunder, shall not create (or be construed to create) any trust or other obligation to fund or secure amounts payable under the Plan in whole or in part.

10. ASSIGNMENT

10.1 **Assignment.** The assignment or transfer of RSUs or any other benefits under this Plan shall not be permitted other than by operation of law.

Exhibit 22.1

List of Issuers and Guarantor Subsidiaries

As of the date of the filing of the Form 10-Q of which this exhibit is a part, Canadian Pacific Kansas City Limited, a corporation incorporated under the laws of Canada (the “Registrant”) has guaranteed each of the following securities issued by Canadian Pacific Railway Company, a corporation incorporated under the laws of Canada and a direct, wholly owned subsidiary of the Registrant (the “Issuer”) subject to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended:

- The Issuer’s 3.700% notes due February 2026;
- The Issuer’s 3.125% notes due June 2026;
- The Issuer’s 1.750% notes due December 2026;
- The Issuer’s 4.000% notes due June 2028;
- The Issuer’s 2.875% notes due November 2029;
- The Issuer’s 2.050% notes due March 2030;
- The Issuer’s 4.800% notes due March 2030;
- The Issuer’s 7.125% notes due October 2031;
- The Issuer’s 2.450% notes due December 2031;
- The Issuer’s 5.750% notes due March 2033;
- The Issuer’s 5.200% notes due March 2035;
- The Issuer’s 4.800% notes due September 2035;
- The Issuer’s 5.950% notes due May 2037;
- The Issuer’s 3.000% notes due December 2041;
- The Issuer’s 5.750% notes due January 2042;
- The Issuer’s 4.300% notes due May 2043;
- The Issuer’s 4.800% notes due August 2045;
- The Issuer’s 4.950% notes due August 2045;
- The Issuer’s 4.700% notes due May 2048;
- The Issuer’s 3.500% notes due May 2050;
- The Issuer’s 3.100% notes due December 2051;
- The Issuer’s 4.200% notes due November 2069;
- The Issuer’s 6.125% notes due September 2115;
- The Issuer’s Perpetual 4% Consolidated Debenture Stock denominated in U.S. dollars; and
- The Issuer’s Perpetual 4% Consolidated Debenture Stock denominated in British Pounds Sterling.

The above list does not include the following securities guaranteed by the Registrant issued in Canada under our Canadian base shelf prospectus which are not subject to Section 13(a) or 15(d) of the Exchange Act:

- The Issuer’s 2.540% notes due February 2028;
- The Issuer’s 3.150% notes due March 2029;
- The Issuer’s 6.450% notes due November 2039; and
- The Issuer’s 3.050% notes due March 2050.

Exhibit 31.1

Certification by the Chief Executive Officer of the Registrants filed pursuant to Rule 13a-14(a) of the Exchange Act.
Canadian Pacific Kansas City Limited

I, Keith Creel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Canadian Pacific Kansas City Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **April 30, 2025**

/s/ KEITH CREEL
Keith Creel
President and Chief Executive Officer

Exhibit 31.2

Certification by the Chief Financial Officer of the Registrants filed pursuant to Rule 13a-14(a) of the Exchange Act.
Canadian Pacific Kansas City Limited

I, Nadeem Velani, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Canadian Pacific Kansas City Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **April 30, 2025**

/s/ NADEEM VELANI
Nadeem Velani
Executive Vice-President and Chief Financial Officer

Exhibit 32.1

Certifications Furnished Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

Canadian Pacific Kansas City Limited

In connection with the Quarterly Report of Canadian Pacific Kansas City Limited (the "Company") on Form 10-Q for the period ended March 31, 2025 (the "Report") to which this certificate is an exhibit, I, Keith Creel, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **April 30, 2025**

/s/ KEITH CREEL
Keith Creel
President and Chief Executive Officer

Exhibit 32.2

Certifications Furnished Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

Canadian Pacific Kansas City Limited

In connection with the Quarterly Report of Canadian Pacific Kansas City Limited (the "Company") on Form 10-Q for the period ended March 31, 2025 (the "Report") to which this certificate is an exhibit, I, Nadeem Velani, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **April 30, 2025**

/s/ NADEEM VELANI
Nadeem Velani
Executive Vice-President and Chief Financial Officer

SIGNATURE

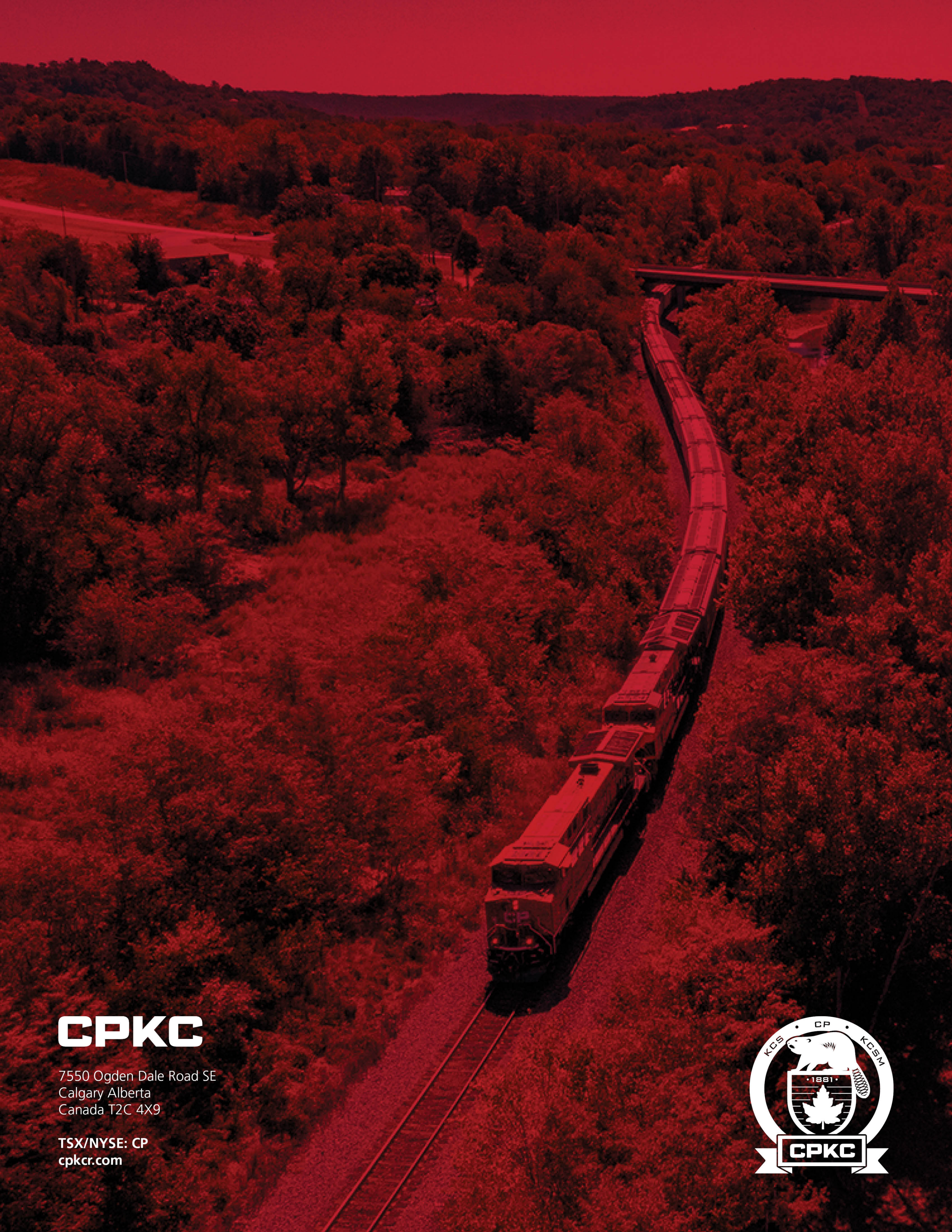
Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CANADIAN PACIFIC KANSAS CITY LIMITED
(Registrant)

By: /s/ NADEEM VELANI

Nadeem Velani
Executive Vice-President and
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Date: **April 30, 2025**



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