

BUILT TO DRIVE GROWTH



Investor Presentation, November 2021

TSX/NYSE: CP



CP

FORWARD LOOKING STATEMENTS

The following investor presentation contains certain forward-looking information within the meaning of applicable securities laws relating, but not limited, to Canadian Pacific's operations, priorities and plans, anticipated financial and operational performance, including our business prospects, market drivers and outlook, planned capital expenditures, anticipated revenues and the source thereof, programs and strategies (including financing strategies), the anticipated efficiency of the high efficiency product (HEP) train model and associated facilities, including growth in our high-capacity hopper car fleet in 2021 and beyond, shipment capacity, completion and the anticipated impacts on capacity and efficiency of the HEP qualification of CP-served train-loading facilities. This forward-looking information also includes, but is not limited to, statements concerning expectations, beliefs, plans, goals, objectives, assumptions and statements about possible future events, conditions, and results of operations or performance.

Forward-looking information may contain statements with words such as "anticipate", "believe", "expect", "plan", "financial expectations", "key assumptions", "outlook", "guidance", or similar words suggesting future outcomes. To the extent that CP has provided forecasts or targets using Non-GAAP financial measures, CP may not be able to provide a reconciliation to a GAAP measure without unreasonable efforts, due to unknown variables and uncertainty related to future results.

Undue reliance should not be placed on forward-looking information as actual results may differ materially from the forward-looking information. Forward-looking information is not a guarantee of future performance.

By its nature, CP's forward-looking information involves numerous assumptions, inherent risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking information, including but not limited to the following factors: changes in, or unanticipated outcomes of, business strategies and growth opportunities; general North American and global economic, 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 current and anticipated future market demand; changes in commodity prices; uncertainty surrounding timing and volumes of commodities being shipped via CP; inflation; geopolitical instability; changes in laws, regulations and government policies, including regulation of rates; changes in taxes and tax rates; potential increases in maintenance and operating costs; changes in fuel prices; uncertainties of investigations, proceedings or other types of claims and litigation; labour disputes; risks and liabilities arising from derailments; transportation of dangerous goods; timing, completion and impacts from capital and maintenance projects by CP and by third parties; currency and interest rate fluctuations; trade restrictions or other changes to international trade arrangements;

interruptions in the availability of land and equipment; realization of certain operating and cost efficiencies; climate change; and the market and regulatory responses to climate change; ability to achieve commitments and aspirations relating to reducing greenhouse gas emissions and other climate-related objectives; 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; the pandemic created by the outbreak of the novel strain of coronavirus (and the disease known as COVID-19) and resulting effects on economic conditions, the demand environment for logistics requirements and energy prices, restrictions imposed by public health authorities or governments, fiscal and monetary policy responses by governments and financial institutions, and disruptions to global supply chains; the timing and completion of the pending KCS transaction, including receipt of regulatory and shareholder approvals and the satisfaction of other conditions precedent; interloper risk to the pending KCS transaction; the realization of anticipated benefits and synergies of the pending KCS transaction and the timing thereof; the success of integration plans for KCS; the focus of management time and attention on the pending KCS transaction and other disruptions arising from the transaction; customer, shareholder, 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 Mexico, S.A. de C.V.'s Concession; 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; potential changes in the CP share price which may negatively impact the value of consideration offered to KCS shareholders; and the ability of management of CP, its subsidiaries and affiliates to execute key priorities, including those in connection with the pending KCS transaction.

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

Forward-looking information is based on current expectations, estimates and projections and it is possible that predictions, forecasts, projections, and other forms of forward-looking information will not be achieved by CP. Except as required by law, CP undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events or otherwise.



KEY GAAP AND NON-GAAP MEASURES

NOTE ON NON-GAAP MEASURES

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

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

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

It should be noted that CP's non-GAAP measures as described in this presentation, have no standardized meanings and are not defined by U.S. GAAP and, therefore, are unlikely to be comparable to similar measures presented by other companies.

\$ in millions of Canadian dollars, except per share data, percentages and ratios	2016	2017	2018	2019	2020
Total revenues	\$6,232	\$6,554	\$7,316	\$7,792	\$7,710
Operating income	\$2,411	\$2,519	\$2,831	\$3,124	\$3,311
Adjusted operating income ⁽¹⁾	\$2,411	\$2,468	\$2,831	\$3,124	\$3,311
Operating ratio	61.3%	61.6%	61.3%	59.9%	57.1%
Adjusted operating ratio ⁽¹⁾	61.3%	62.4%	61.3%	59.9%	57.1%
Net income	\$1,599	\$2,405	\$1,951	\$2,440	\$2,444
Adjusted income ⁽¹⁾	\$1,549	\$1,666	\$2,080	\$2,290	\$2,403
Diluted earnings per share ⁽²⁾	\$2.13	\$3.29	\$2.72	\$3.50	\$3.59
Adjusted diluted earnings per share ⁽¹⁾⁽²⁾	\$2.06	\$2.28	\$2.90	\$3.29	\$3.53
Cash provided by operating activities	\$2,089	\$2,182	\$2,712	\$2,990	\$2,802
Cash used in investing activities	(\$1,069)	(\$1,295)	(\$1,458)	(\$1,803)	(\$2,030)
Cash used in financing activities	(\$1,493)	(\$700)	(\$1,542)	(\$1,111)	(\$764)
Free cash ⁽¹⁾	\$1,007	\$874	\$1,289	\$1,357	\$1,157
Return on average shareholders' equity ⁽³⁾	33.9%	43.4%	29.8%	35.6%	34.0%
Adjusted return on invested capital ("Adjusted ROIC") ⁽¹⁾	14.0%	14.7%	16.2%	16.9%	16.7%

(1) For a full description and reconciliation of Non-GAAP Measures see CP's 2020 Annual Report on Form 10-K and on investor.cpr.ca.

(2) As a result of the five-for-one share split of the Company's issued and outstanding Common Shares, which began trading on a post-split basis on May 14, 2021, per share amounts and all outstanding Common Shares for comparative periods have been retrospectively adjusted.

(3) Return on average shareholders' equity is defined as Net income divided by average shareholders' equity, averaged between the beginning and ending balance over a rolling 12-month period.



FOUNDED IN PRECISION, BUILT FOR GROWTH

Our precision railroading model transformed how our entire company operates and allows us to deliver industry-leading service. It's a culture of excellence that we adhere to 24/7, 365. Today, this commitment to precision has us uniquely positioned to leverage our low cost base and best-in-class service to grow with our customers. By remaining disciplined, we will drive long-term sustainable, profitable growth for our customers and shareholders, alike.

WE REBUILT THE ENGINE

STREAMLINED ASSETS

Right-sized resources to optimize our network.

IMPROVED OPERATING PERFORMANCE

Longer, faster trains and less dwell time.

INVESTED IN THE NETWORK

Upgraded to improve performance and increase capacity.

CULTURE OF ACCOUNTABILITY

Railroader attitude:
Do what you said you'll do.

PRECISION RAILROADING

Precision planning and execution to optimize service and control costs.

CONSISTENT, RELIABLE SERVICE

Leveraging our strengths to deliver superior value to our customers.

LOWERED COST BASE

Unprecedented margin improvement.

DEVELOPED THE TEAM

Handpicked team.
Best in the business.

NOW WE'RE DRIVING GROWTH

DIVERSIFIED BOOK OF BUSINESS

Balanced portfolio of industries, regions and markets.

INCREASED CAPACITY

Efficiencies and network investments mean we have the ability to do more.

RIGHT CULTURE & TEAM

Accountable, collaborative, passionate team of railroaders.

VALUE DRIVEN

Disciplined approach to valuing service. We won't commoditize ourselves.

POWERFUL FOOTPRINT

Strong network with shortest routes to major centers and ability to extend reach.

RESILIENT PERFORMANCE

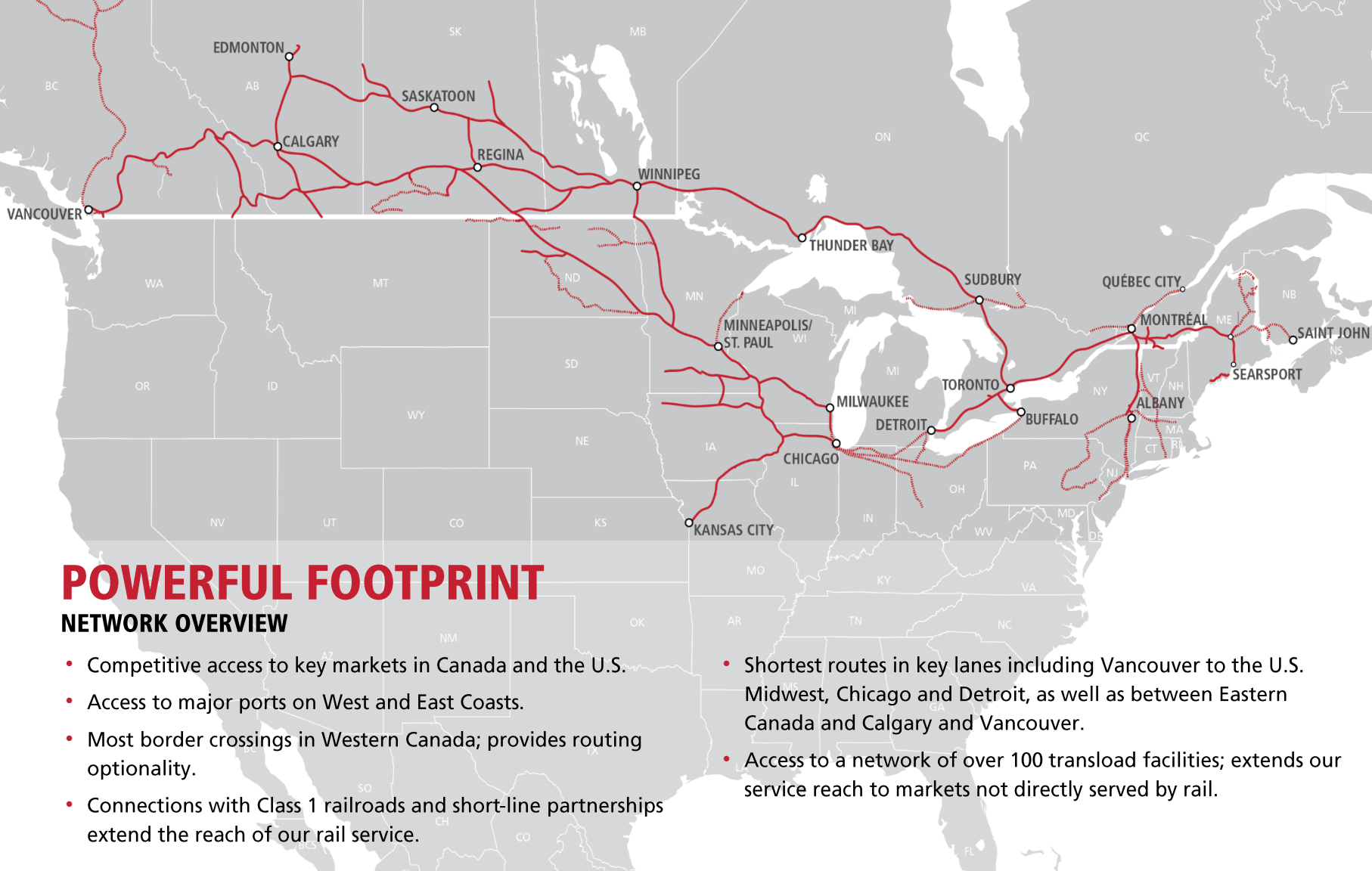
Operating model performs in upturns and downturns.

SERVICE INNOVATION

Supply chain collaboration to enhance our service offering.

DISCIPLINED APPROACH

Pursuing the right customers in the right lanes to grow our business.



OUR NETWORK

13,000 MILES
RAIL NETWORK

873 MILES
AVERAGE LENGTH OF HAUL

100+
TRANSLOAD FACILITIES

**SHORTEST
ROUTES**
IN KEY LANES

POWERFUL FOOTPRINT

NETWORK OVERVIEW

- Competitive access to key markets in Canada and the U.S.
- Access to major ports on West and East Coasts.
- Most border crossings in Western Canada; provides routing optionality.
- Connections with Class 1 railroads and short-line partnerships extend the reach of our rail service.
- Shortest routes in key lanes including Vancouver to the U.S. Midwest, Chicago and Detroit, as well as between Eastern Canada and Calgary and Vancouver.
- Access to a network of over 100 transload facilities; extends our service reach to markets not directly served by rail.

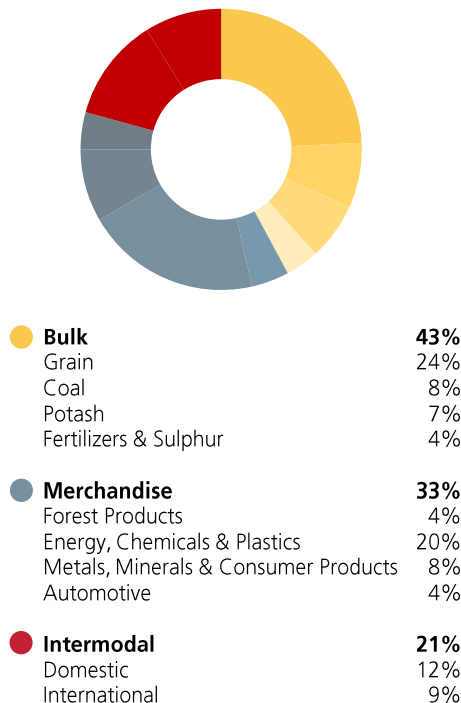
DIVERSIFIED

BOOK OF BUSINESS

- Uniquely positioned with best-in-class service and capacity to grow.
- Our diverse book of business creates a powerful base to drive sustainable growth.
- Leveraging our strengths to grow with existing customers and bring on new business.
- Stronger margins allow us to compete for new opportunities.
- Continually innovating with long-term partners to help them win in the marketplace.

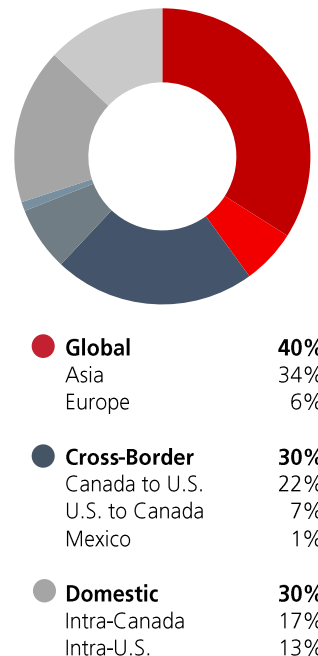
Business Mix

% of 2020 Freight Revenue



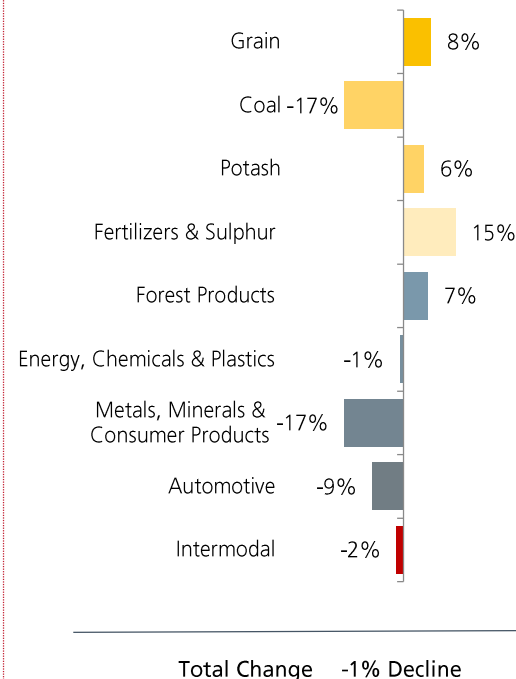
Geographic Distribution

% of 2020 Freight Revenue



2020 Freight Revenue Variance

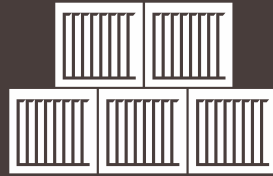
FX-adjusted⁽¹⁾



ROOM TO GROW



Locomotives
available for future
growth



Yard and
terminal capacity



Network capacity
through longer sidings,
increased speed



Ability to further
increase train length



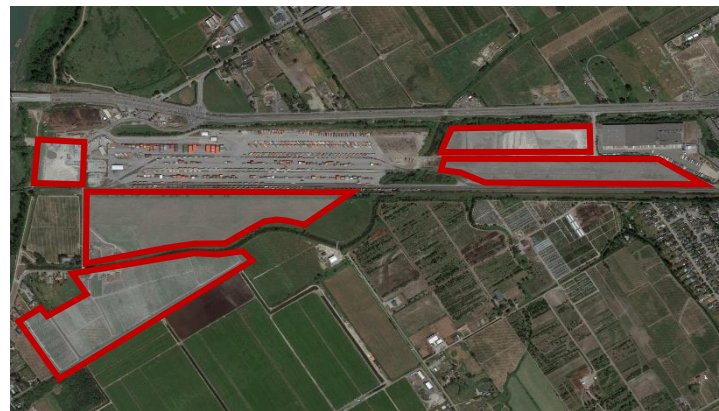
Surplus land gives
us optionality

ROOM TO GROW

SURPLUS LAND PROVIDES OPTIONALITY & LOW COST CAPACITY

Vancouver

- Unmatched ability to expand footprint in Canada's largest trade gateway
- Existing intermodal facility operating well below capacity
- CP owns >100 acres of vacant land adjacent to existing facility
- Provides optionality: ability to grow existing operations and provide customer solutions



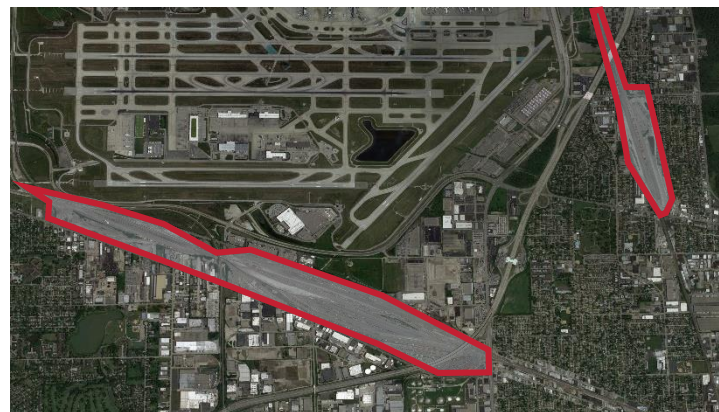
Chicago

Bensenville Yard

- Room to grow within existing footprint
- Tentative real estate agreement to add capacity, potential to build state-of-the-art intermodal facility

Schiller Park

- 75 acre site made surplus through consolidation of intermodal operations
- Potential to repurpose for growth opportunities or divest

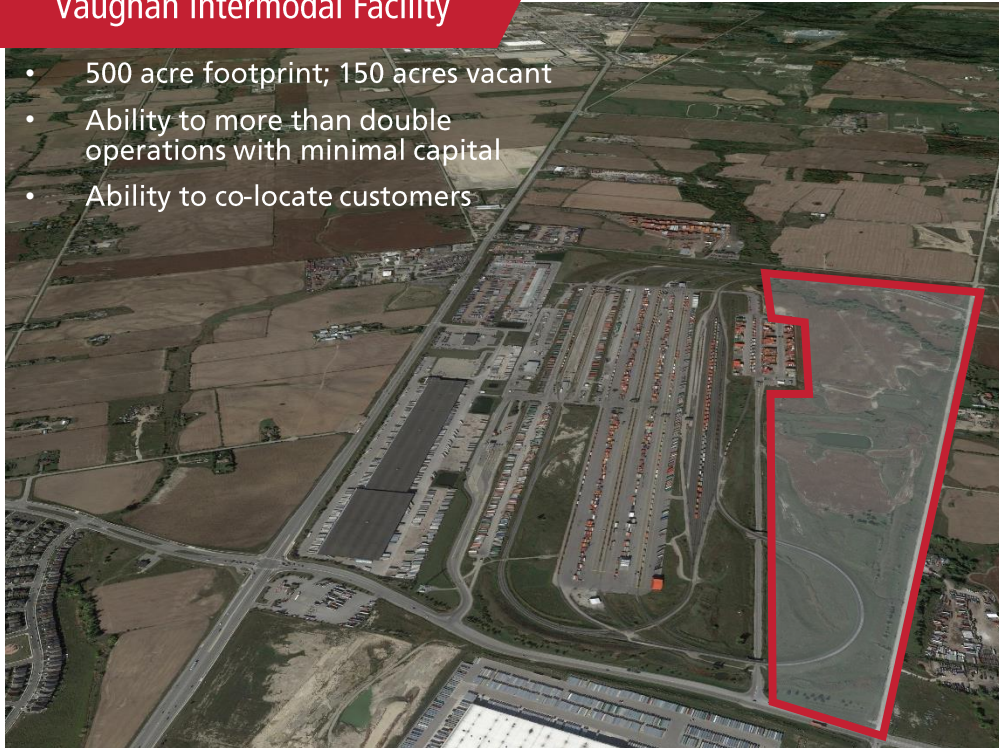


ROOM TO GROW

TORONTO & AREA

Vaughan Intermodal Facility

- 500 acre footprint; 150 acres vacant
- Ability to more than double operations with minimal capital
- Ability to co-locate customers



Wolverton Yard



Agincourt Yard



MORE ROOM TO GROW

Calgary (Dufferin)



Edmonton (Ellerslie)



Montréal (St-Luc)



Montréal (Les Cèdres)

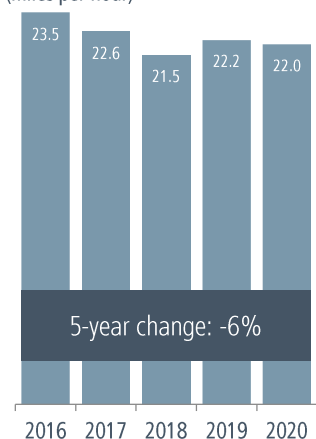


PRECISION PERFORMANCE

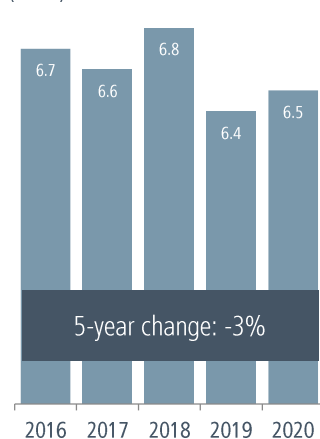
OPERATIONS

- The cornerstone of our industry leading performance is our precision railroading operating model and disciplined focus on planning and execution.
- Faster train speeds and reduced dwell means better asset utilization and reduced costs for CP and our customers.
- Longer, heavier, faster trains increase network capacity and reduce operating costs.

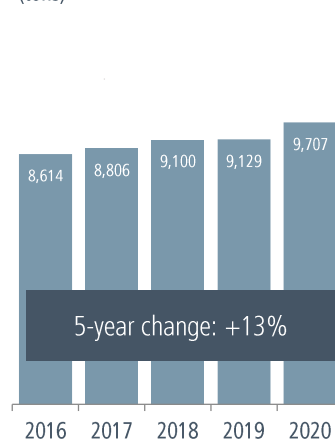
Average Train Speed
(miles per hour)



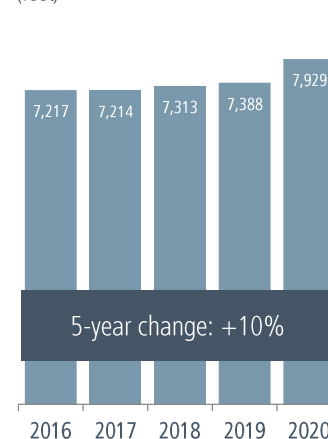
Average Terminal Dwell
(hours)



Average Train Weight
(tons)



Average Train Length
(feet)



PRECISION INNOVATION

You can't have precision without measurement. Over the last several years, we've made transformational changes to our technology infrastructure, replacing aging legacy systems with a new integrated data platform that has exponentially increased the volume of data available to us. We leveraged this powerful platform to create **Railway Performance Monitoring (RPM)**, a new system that provides deeper drill-down capabilities to report on, and maximize, operations across our entire network.

The success of RPM allowed us to launch **Trip Plan**. Trip Plan is driving the next level of service performance and reliability by providing by-the-hour measurement of a shipment, from the time a customer releases it, to when it arrives at its destination. Importantly, Trip Plan allows us to refine operations and remedy trouble-spots to ensure we deliver on our commitments.

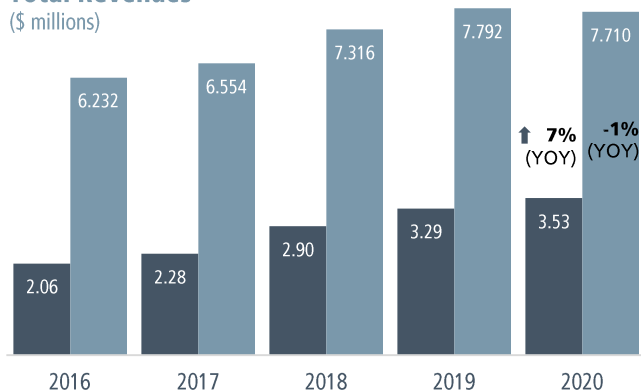
PRECISION PERFORMANCE

FINANCIAL

- Ability to generate earnings growth in various economic environments.
- Our focus: best-in-class service at lowest cost.
- Driving stronger margins and topline revenue growth.
- Opportunity to further improve margins. Targeting ~100 bps per year.
- Strong free cash generation and an opportunistic approach to shareholder returns.

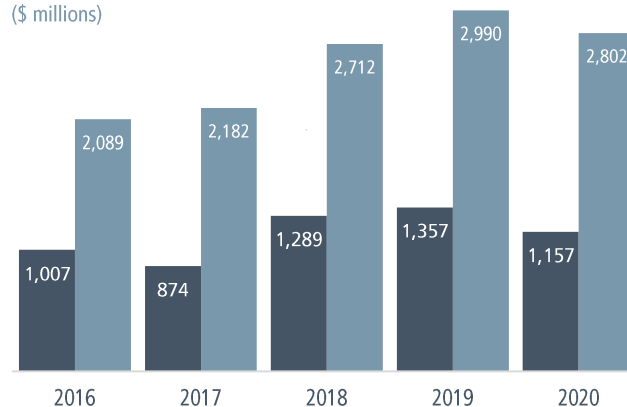
Adjusted Diluted Earnings Per Share⁽¹⁾⁽²⁾ (\$)

Total Revenues (\$ millions)

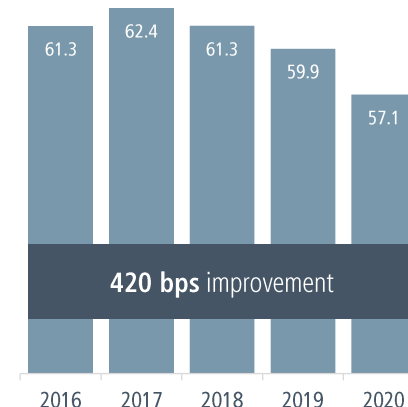


Free Cash⁽¹⁾ (\$ millions)

Cash From Operations (\$ millions)



Adjusted Operating Ratio⁽¹⁾ (percentage)



(1) For a full description and reconciliation of Non-GAAP Measures see CP's 2020 Annual Report on Form 10-K and on investor.cpr.ca.

(2) As a result of the five-for-one share split of the Company's issued and outstanding Common Shares, which began trading on a post-split basis on May 14, 2021, per share amounts and all outstanding Common Shares for comparative periods have been retrospectively adjusted.

BUILDING FOR THE FUTURE

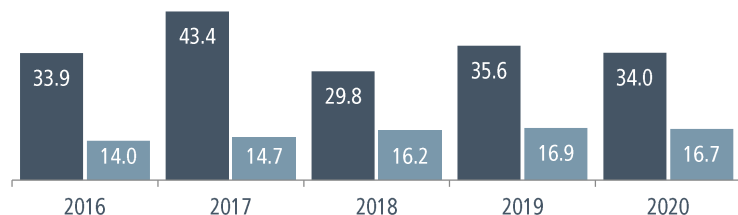
CAPITAL INVESTMENT

Our capital investments have everything to do with running the business better, including margin improvement, productivity and service reliability – all key ingredients of our precision railroad operating model.

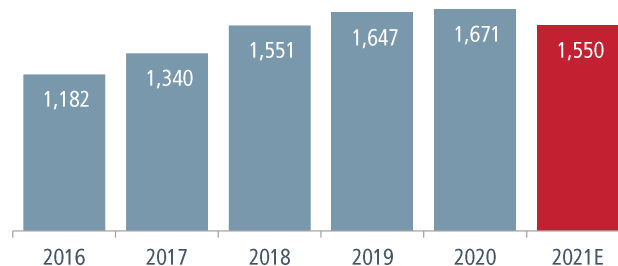
Highlights

- Consistently investing \$800M per year in maintenance capital.
- Strong pipeline of high return projects.
- Two unique rolling stock investments – locomotive modernization and hopper car acquisitions – are elevating capital spending in the near-term.

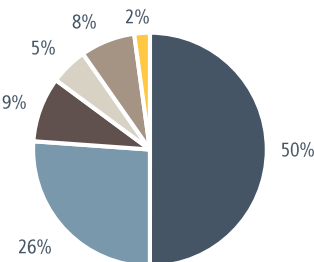
Return On Average Shareholders' Equity Adjusted ROIC⁽¹⁾ (%)



Capital Expenditures (\$ millions)



- Maintenance
- Rolling Stock
- Network Enhancements
- Information Systems
- Other
- PTC



We didn't replace the locomotive, we replaced everything that slowed it down.

Locomotive modernizations upgrade aging units for better fuel efficiency, service reliability and safety – same productivity as a new locomotive but with a lower price tag. In 2021 we anticipate spending \$80M in capital for modernizations.

Investing in the future of the grain supply chain.

Over the next several years, CP will be investing \$500M to acquire 5,900 new covered hoppers. The new, high capacity cars, combined with our 8,500-foot grain model, will enable CP to move >40% more grain per train.

REWARDING SHAREHOLDERS

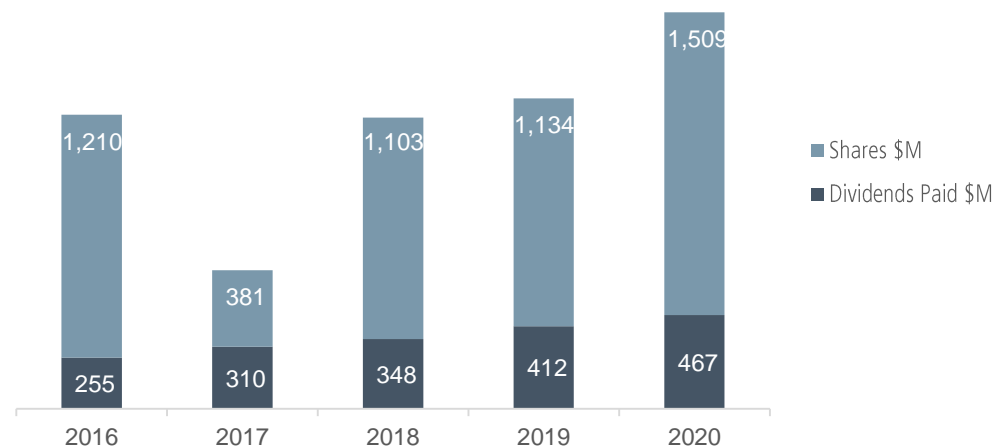
OPPORTUNISTIC APPROACH TO SHAREHOLDER RETURNS

We continue to return cash to shareholders by way of opportunistic share buybacks and increasing dividend payments.

Highlights

- Over \$5B in shares repurchased (from 2016-2020)
 - 22 million shares at an average price of C\$257/share
- \$1.8B in dividends paid (from 2016-2020)
 - 90% increase in dividends per share
- July 2020: Announced a 15% dividend increase
- 5 consecutive years of dividend increases
- Targeting 25-30% adjusted dividend payout ratio⁽¹⁾ longer term

Share Repurchase Program and Dividend Payout
(\$ millions)



(1) Although CP has provided a target Non-GAAP measure (Adjusted dividend payout ratio), management is unable to reconcile, without unreasonable efforts, the target Adjusted dividend payout ratio to the most comparable GAAP measure (Dividend payout ratio), due to unknown variables and uncertainty related to future results.

LEVERAGING TECHNOLOGY

INNOVATING FOR THE FUTURE

Leveraging track analytics, dashboard applications and mobile devices to create industry-leading technologies to advance customer service and operating performance.



- **In-house technologies** provide CP with hundreds of applications that track shipments, measure operational performance and provide financial information in real-time
- **Intermodal Demand Management:** through customized algorithms, we are creating capacity by smoothing demand over the week based on customer delivery requirements



- **Mobile Workforce:** using mobile devices to automate inventory reporting and provide required safety documents to train crews
- **CP FastPass:** self-serve kiosks and mobile apps for drivers coming and going from our terminals means shorter driver wait times, faster processing and lower terminal costs



CP FastPass

- **Robotic Process Automation:** CP is using "bots" to automate high-volume manual activities to improve accuracy, reduce costs and improve customer service
- **Track Asset Management:** inspection application working off a central repository in conjunction with track inspection vehicles to create a consolidated view of track health

PREDICTIVE ANALYTICS

ENHANCING SAFETY AND EFFICIENCY

Leveraging Big Data to drive further improvements in safety and efficiency.

- Using patented technology, we accumulate valuable data on wheels, rails, cars, locomotives and trains in real-time, enabling us to anticipate issues and take preventative measures
- Predictive analytics have reduced online failures by 91% -- significantly reducing risk of derailments, rail fatigue and service interruptions
- Our patented algorithm improves safety and provides a competitive advantage: 86% of all equipment setoffs are confirmed defective versus an industry average of 65%

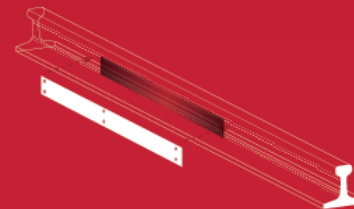
HOT BOX DETECTORS

Uses infrared technology to measure rail-car bearing and wheel temperatures to determine component failures and inoperative brakes.



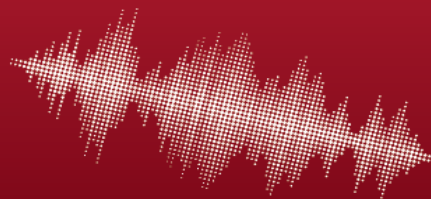
WHEEL IMPACT LOAD DETECTORS

Measures force applied by wheels on the track to identify wheel defects, protect rail integrity, and uncover weight imbalances to predict wheel failures.



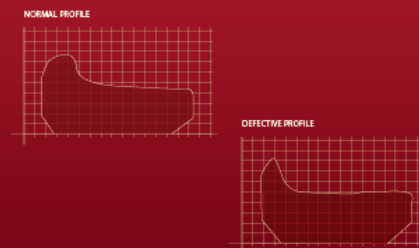
ACOUSTIC BEARING DETECTORS

Measures the sound emitted by rail-car wheels to predict internal rail-car roller bearing failures such as overheating.



WHEEL PROFILE DETECTORS

Automatically evaluates the geometry of rail-car wheel-sets for flange, tread and rim defects to identify failing wheel-sets for immediate or scheduled replacement.



OPERATING RESPONSIBLY

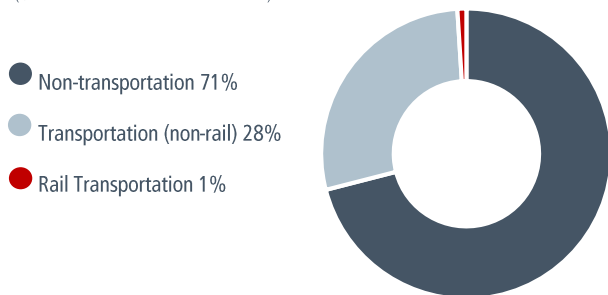
ENVIRONMENTAL SUSTAINABILITY

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

- The transportation sector is responsible for 29% of Canada's annual GHG emissions, with the rail industry contributing only 1% to the country's total annual GHG emissions⁽¹⁾.
- Trains are 4 times more fuel efficient than trucks and produce 75% fewer GHG emissions⁽²⁾.
- The transportation of freight by rail will continue to play an integral role in the low-carbon future for North America.

GHG Emissions by Sector in Canada

(% of Canadian GHG Emissions)



A SINGLE-UNIT TRAIN KEEPS MORE THAN

300

TRUCKS OFF OF PUBLIC ROADS



4x

MORE FUEL-EFFICIENT

75%



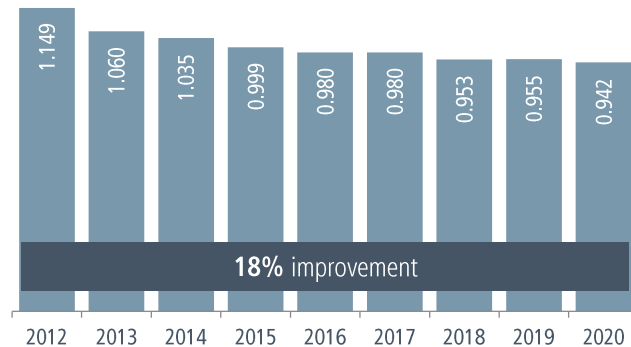
LESS GHG EMISSIONS

OPERATING RESPONSIBLY

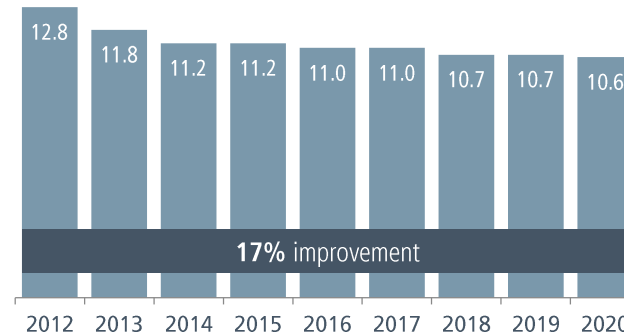
CLIMATE CHANGE & EMISSIONS REDUCTION

- In July 2020 CP released a [Climate Change Statement](#) acknowledging the impacts of rising global temperatures and reiterating our commitment to address climate change through innovation and industry leading best practices.
 - CP has committed to setting science-based targets to reduce emissions in line with the Paris Agreement.
 - CP is conducting scenario analysis to understand the full range of possible impacts from climate change related to our business.
- CP's locomotive operations consume more than 92% of the energy needed to run our operations. While CP regularly outperforms industry averages for fuel efficiency, we are committed to further improving the carbon footprint of our locomotives.
 - Since 1990, CP has improved locomotive fuel efficiency by 43% representing 31 million metric tons of carbon avoided.
 - CP's consumes 11% less fuel per gross ton mile than than the North American Class 1 average.

Locomotive Fuel Efficiency
(Gallons/1,000 GTMs)



Locomotive Emission Intensity
(KG CO₂E per 1,000 RTM)



OPERATING RESPONSIBLY

CASE STUDY: OGDEN YARD TRANSFORMATION

- In 2011, CP's Ogden yard located in Calgary, AB was an inefficient industrial yard powered by half century-old natural gas fired boilers and a three-quarter century old steam tunnel system that supplied heating throughout all the buildings. Due to high operating costs and general inefficiencies, previous management made the decision to vacate the property and the land sat vacant.
- In 2013, as part of the company's turnaround plan, the abandoned yard was transformed into a new corporate campus. Head office operations were moved out of expensive downtown leased office space enabling cost savings, an improved employee experience and revitalizing the surrounding community.
- In 2020, CP announced it had begun work to install a solar energy farm at the campus. The installation is expected to generate more power than consumed, equating to a 2,600 tonne reduction in GHG emissions annually. The project will also assist in reducing CP's Scope 2 emissions.



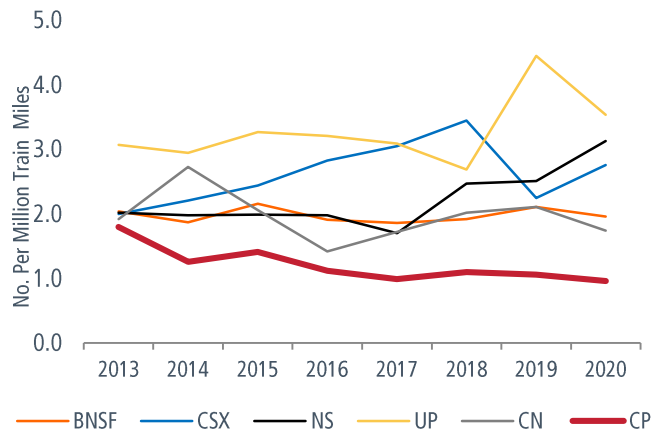
OPERATING RESPONSIBLY

SAFETY

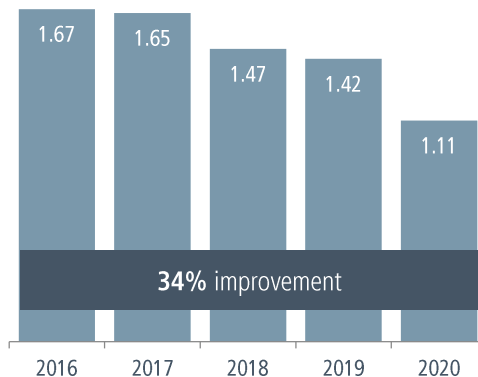
Safety is foundational at CP. We remain steadfast in our commitment to safety, across our entire operation.

- CP has been North America's safest railway for 15 consecutive years. Over the last decade, our train accident frequency has decreased more than 40%.
- Each year CP allocates over 50% of its capital investments toward safety and replacement initiatives to ensure our network remains safe and efficient.
- Management compensation is tied to safety performance: 20% of the short-term incentive program is weighted to safety.

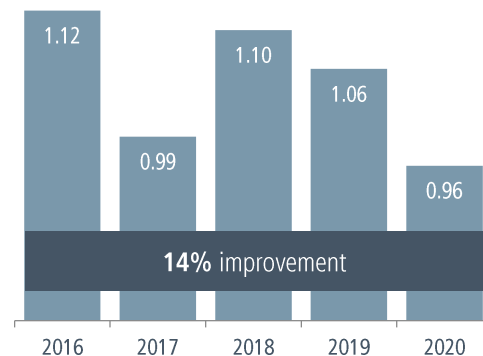
**Class 1 Compare:
FRA Train Accidents Frequency**
(2013 – 2020)



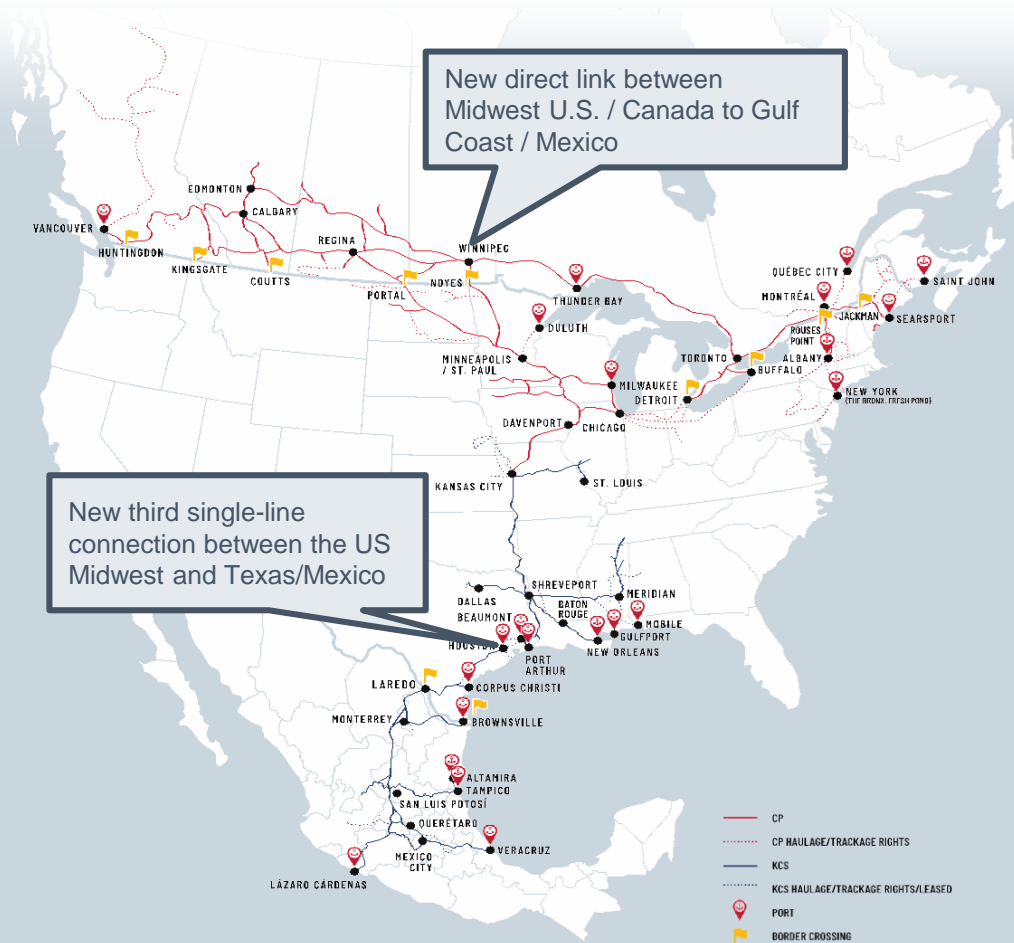
FRA Personal Injury Frequency
(per 200,000 employee-hours)



FRA Train Accident Frequency
(per million train-miles)



CREATING THE FIRST U.S.-MEXICO-CANADA RAIL NETWORK



ENHANCES
COMPETITION BY
CREATING NEW SINGLE-
LINE HAUL ROUTES

UNLOCKS
ANNUALIZED
EBITDA SYNERGIES
OF \$1 BILLION

DIVERSIFIES
CURRENT BUSINESS AND
GEOGRAPHIC MIX WITH
THE ADDITION OF NEW
ROUTES

DRIVING USMCA
GROWTH AND
INVESTMENT
OPPORTUNITIES

TRANSACTION SUMMARY

US\$, unless otherwise noted

FINANCIAL TERMS

KCS shareholders will receive 2.884 CP shares and \$90 in cash for each KCS common share held

- Based on closing price of August 9th, CP's proposal is valued at \$300 / share¹
- Represents 34% premium to KCS' unaffected price²
- CP and KCS shareholders will own 72% and 28% of CPKC, respectively
- Preferred shareholders will receive \$37.50 in cash for each KCS preferred share held
- Cash consideration to be funded with cash-on-hand and \$8.5 billion in committed debt financing

SYNERGIES

Expected to unlock \$1 billion in EBITDA growth opportunities

- Increased from initial \$780 million estimate following shippers' response to the pro-growth combination

TIMING

Closing into a Voting Trust expected by Q1 2022

- Shareholders of CP and KCS to vote on the transaction in December 2021
- Upon closing into a voting trust, shareholders of KCS will receive their consideration in full
- Full control of KCS expected to be obtained in Q4 2022, following STB approval and unwinding of voting trust

GOVERNANCE

The combined business will be named Canadian Pacific Kansas City ("CPKC")

- Global headquarters will be in Calgary, Alberta and Kansas City, Missouri will be the U.S. headquarters
- Mexico headquarters will remain in Mexico City and Monterrey
- CP's U.S. headquarters in Minneapolis-St. Paul will remain an important base of operations
- Keith Creel will serve as Chief Executive Officer of CPKC, with four KCS Directors joining CP's expanded Board at the appropriate time

1. Based on CP closing price of CAD\$91.50 as of August 9, 2021, converted at a 1.2565 USD/CAD spot exchange rate.

2. Based on KCS' unaffected closing price of \$224.16 as of March 19, 2021.



COMBINATION UNLOCKS \$1BN IN EBITDA GROWTH OPPORTUNITIES

\$820 MILLION

EBITDA GROWTH FROM MARKET OPPORTUNITIES

- Unique combination enables significant growth for our customers throughout North America
- Efficient new single-line routes and dramatically expanded market reach for customers
- Planned capital investments to support growth synergies, such as additional network sidings, siding extensions and investment in Centralized Traffic Control (CTC)

\$180 MILLION

COST AND EFFICIENCY IMPROVEMENTS

- Driven by a combination of improved fuel efficiency, lower G&A costs, equipment rents as well as facilities, IT spend and licensing
- CPKC to utilize best practices to support increased operating efficiencies

Increased from previous estimate of \$600 million based on customer feedback and additional market insight, particularly in the Bulk and Intermodal segments



**FOLLOWING COMPLETION OF THE TRANSACTION ANTICIPATED IN Q4 2022,
CPKC EXPECTS TO GENERATE \$1 BILLION IN ANNUALIZED SYNERGIES WITHIN 3 YEARS**

Note: Synergy estimates in US\$.



Expected Transaction Timing

APPROVAL OF CP VOTING TRUST	APPROVAL CONFIRMED SEPTEMBER 30, 2021
SHAREHOLDER VOTES	DECEMBER 8 AND 10 FOR CP AND KCS, RESPECTIVELY
RECEIVE MEXICAN IFT AND COFECE APPROVALS¹	IFT APPROVAL RECEIVED; COFECE EXPECTED BY Q1 2022
KCS SHAREHOLDERS RECEIVE CONSIDERATION AND TRANSACTION CLOSURES INTO VOTING TRUST	EXPECTED BY Q1 2022
FULL CONTROL OF KCS OBTAINED FOLLOWING FULL STB APPROVAL	EXPECTED Q4 2022
LATEST DATE FOR STB TO PROVIDE RULING	MARCH 2023

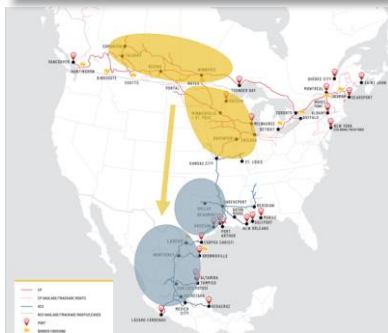
(1) Canadian Competition Act and Investment Canada Act approvals are not required. Instituto Federal de Telecomunicaciones (IFT) and Comisión Federal de Competencia Económica (COFECE) are required.

(2) These are estimated timings and may be accelerated or delayed based on a number of factors.



ENHANCES COMPETITIVE OPTIONS FOR CUSTOMERS AND ENABLES NORTH AMERICAN GROWTH

BULK



New single-line shipments for grain from Canada and the Upper Midwest to domestic and export markets in Southern US and Mexico

ECP & MERCHANDISE



New single-line competition for shipments of energy, chemicals & plastics and merchandise moving between Canada, the US and Mexico

INTERMODAL



New head-to-head single-line competition for intermodal shipments between Mexico and the Upper Midwest and Canada

AUTOMOTIVE



New head-to-head single-line competition for automotive shipments between Canada, US Midwest and Mexico

CPKC'S NETWORK TO BENEFIT CUSTOMERS ACROSS ALL BUSINESS LINES

CP-KCS DELIVERS SIGNIFICANT BENEFITS TO ALL STAKEHOLDERS



- ✓ COMBINATION OFFERS SIGNIFICANT BENEFITS TO RAIL SHIPPERS AND THE SUPPLY CHAIN
- ✓ KCS SHAREHOLDERS BENEFIT FROM CLEAR PATH TO CLOSING
- ✓ CONSERVATIVE BALANCE SHEET



CREATE THE FIRST U.S.-MEXICO-CANADA RAIL NETWORK –TRULY END-TO-END AND PRO-COMPETITIVE WITH NO OVERLAP



WELL POSITIONED FOR GROWTH, BRINGING TOGETHER TWO RAILROADS WITH HIGHEST 3-YEAR REVENUE CAGR



ANNUALIZED EBITDA SYNERGIES OF \$1 BILLION CREATES SIGNIFICANT VALUE FOR ALL STAKEHOLDERS AND DRIVE ACCRETION TO CP'S ADJUSTED DILUTED EPS¹



CP'S LEADING MANAGEMENT TEAM HAS CONSISTENTLY OUTPERFORMED AND DELIVERED SUPERIOR RESULTS FOR SHAREHOLDERS



1. The combination is expected to generate double-digit accretion to CP's adjusted diluted EPS upon the full realization of synergies following CP's acquisition of control of KCS.

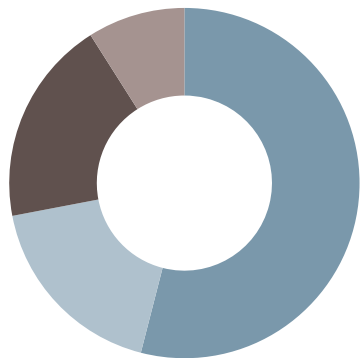


OUR MARKETS

(2020 Figures)



BULK GRAIN

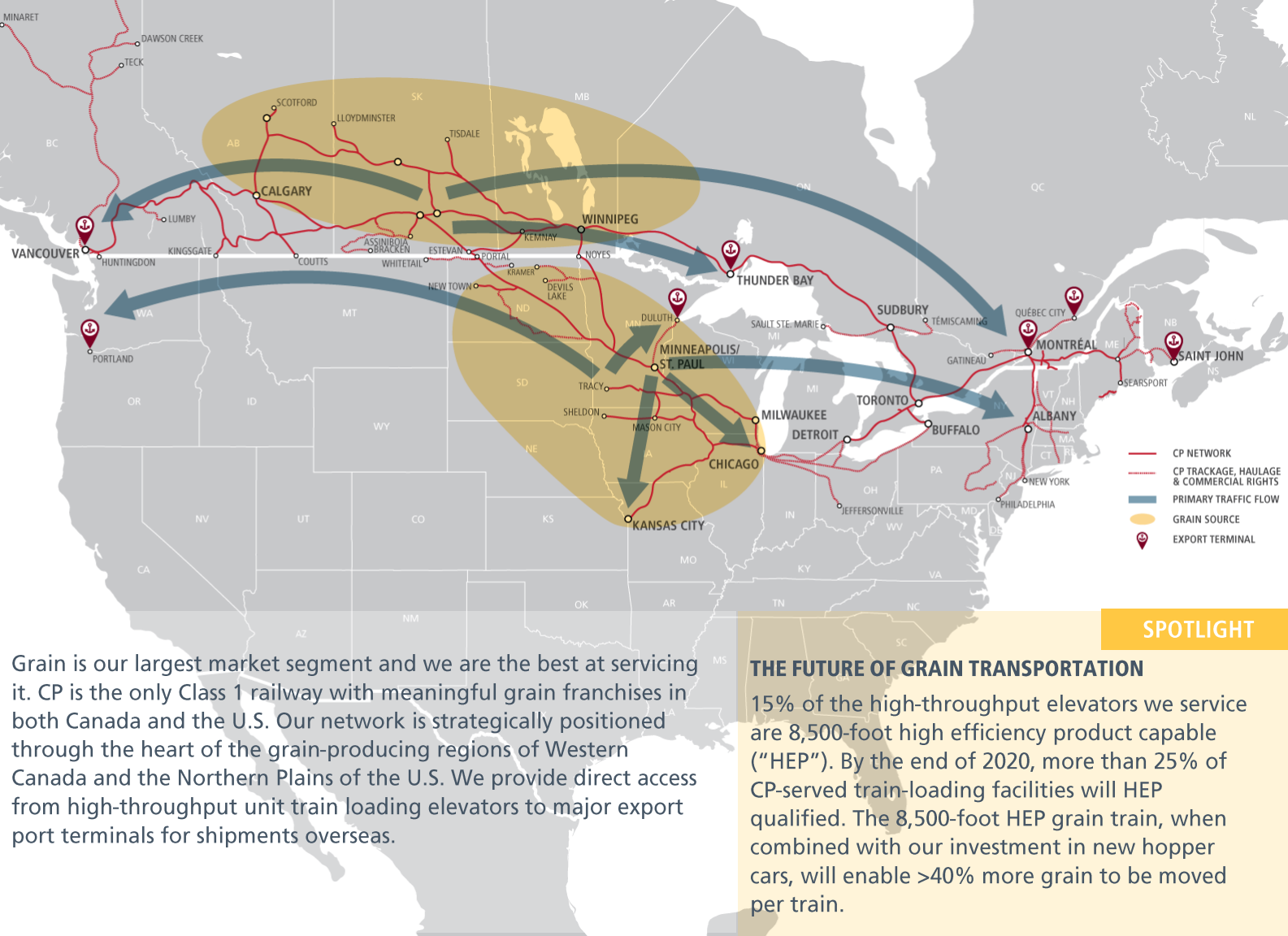


- **Canadian Grain 72%**
Regulated 54%
Non-regulated 18%
- **U.S. Grain 28%**
Domestic 19%
Export 9%

Grain is our largest market segment and we are the best at servicing it. CP is the only Class 1 railway with meaningful grain franchises in both Canada and the U.S. Our network is strategically positioned through the heart of the grain-producing regions of Western Canada and the Northern Plains of the U.S. We provide direct access from high-throughput unit train loading elevators to major export port terminals for shipments overseas.

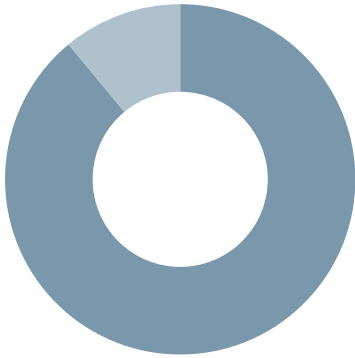
THE FUTURE OF GRAIN TRANSPORTATION

15% of the high-throughput elevators we service are 8,500-foot high efficiency product capable ("HEP"). By the end of 2020, more than 25% of CP-served train-loading facilities will HEP qualified. The 8,500-foot HEP grain train, when combined with our investment in new hopper cars, will enable >40% more grain to be moved per train.

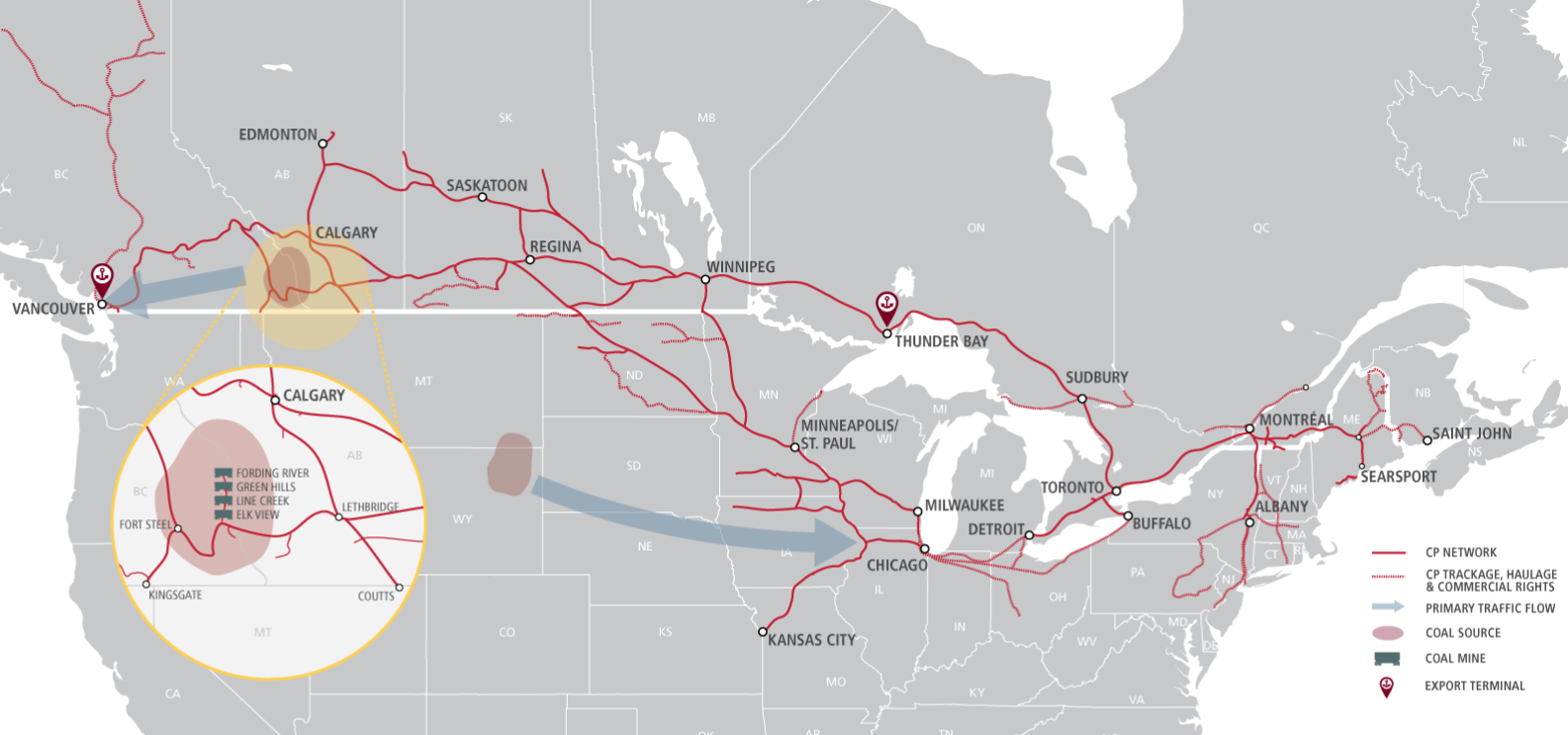


SPOTLIGHT

BULK COAL



- Canadian Coal 89%
- U.S. Coal 11%



Our Canadian coal business consists primarily of metallurgical coal. Leveraging our shortest routes to Vancouver terminals, more than 97% of our Canadian coal shipments, which originate in Southeast B.C., are exported through the West Coast with the remaining 3% moving through Thunder Bay terminals or Chicago.

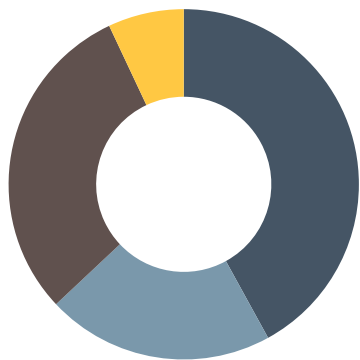
For U.S. coal, CP receives coal from connecting railroads that serve thermal coal mines in the Powder River Basin region of Montana and Wyoming. The coal is then delivered to power generating facilities in the Midwest states of Wisconsin and Iowa.

SPOTLIGHT

CONTINUOUS IMPROVEMENT IN THE COAL SUPPLY CHAIN

We have successfully implemented a pull-to-demand model that allows coal trains to run at evenly spaced intervals with a consistent flow to the ports. Our coal fleet cycle time has improved up to 20% since 2012.

BULK POTASH & FERTILIZERS



- **Potash 63%**
Export 42%
Domestic 21%
- **Fertilizers 30%**
- **Sulphur 7%**

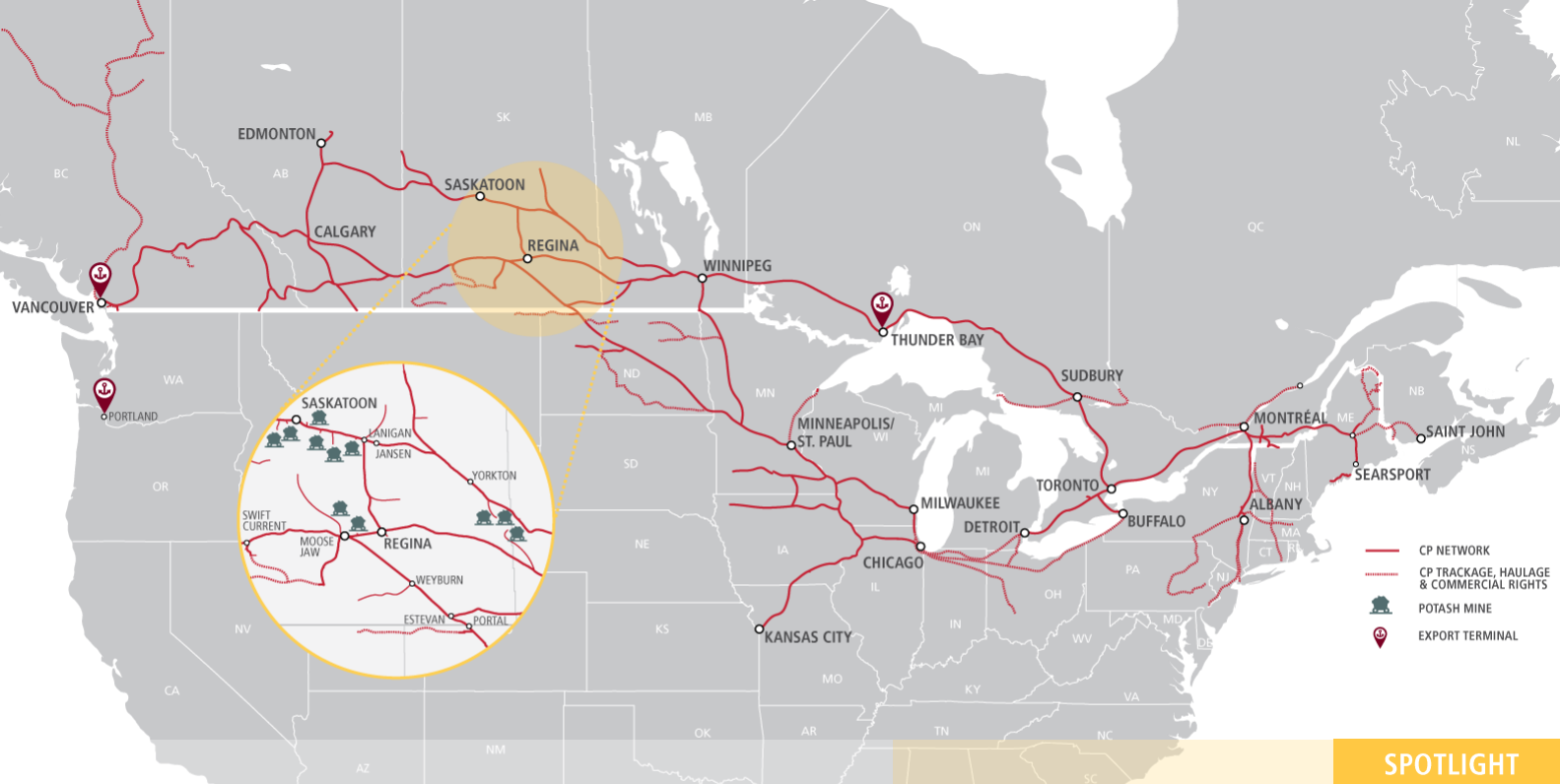
For export potash, our key competitive advantage stems from our shortest route to Vancouver and the U.S. Pacific Northwest, via connections with U.S. carriers. In our domestic market, potash moved primarily to the U.S. Midwest for local application, eventually reaching end markets in the Southeast U.S.

Our strong origin access to fertilizer producers in Western Canada and shortest routes to destinations in the U.S. Midwest support our growth in the fertilizer market.

THE LEADING CARRIER FOR EXPORT POTASH

CP has origin access to Canada's 11 potash mines and the shortest routes to Vancouver and Portland. We move approximately 70% of potash produced in North America.

CP is now operating trains with upwards of 200 cars to Vancouver and 185 cars to Portland creating capacity and a more efficient potash supply chain.



SPOTLIGHT

MERCHANDISE ENERGY, CHEMICALS & PLASTICS

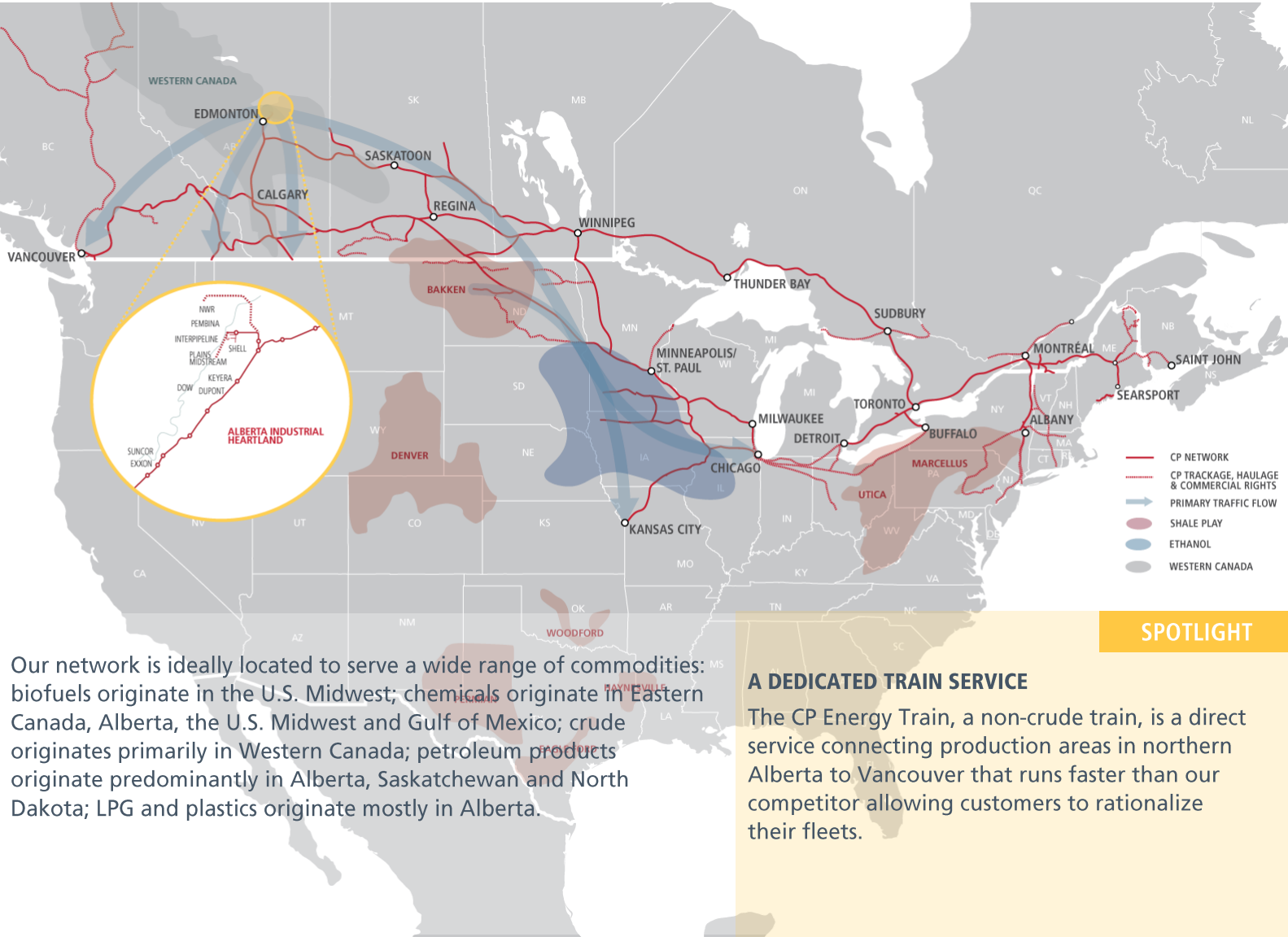


- Biofuels 17%
- Chemicals 17%
- Crude 21%
- Petroleum Products 34%
- Plastics 11%

Our network is ideally located to serve a wide range of commodities: biofuels originate in the U.S. Midwest; chemicals originate in Eastern Canada, Alberta, the U.S. Midwest and Gulf of Mexico; crude originates primarily in Western Canada; petroleum products originate predominantly in Alberta, Saskatchewan and North Dakota; LPG and plastics originate mostly in Alberta.

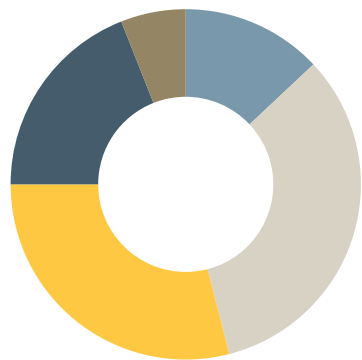
A DEDICATED TRAIN SERVICE

The CP Energy Train, a non-crude train, is a direct service connecting production areas in northern Alberta to Vancouver that runs faster than our competitor allowing customers to rationalize their fleets.



SPOTLIGHT

MERCHANDISE METALS, MINERALS & CONSUMER PRODUCTS



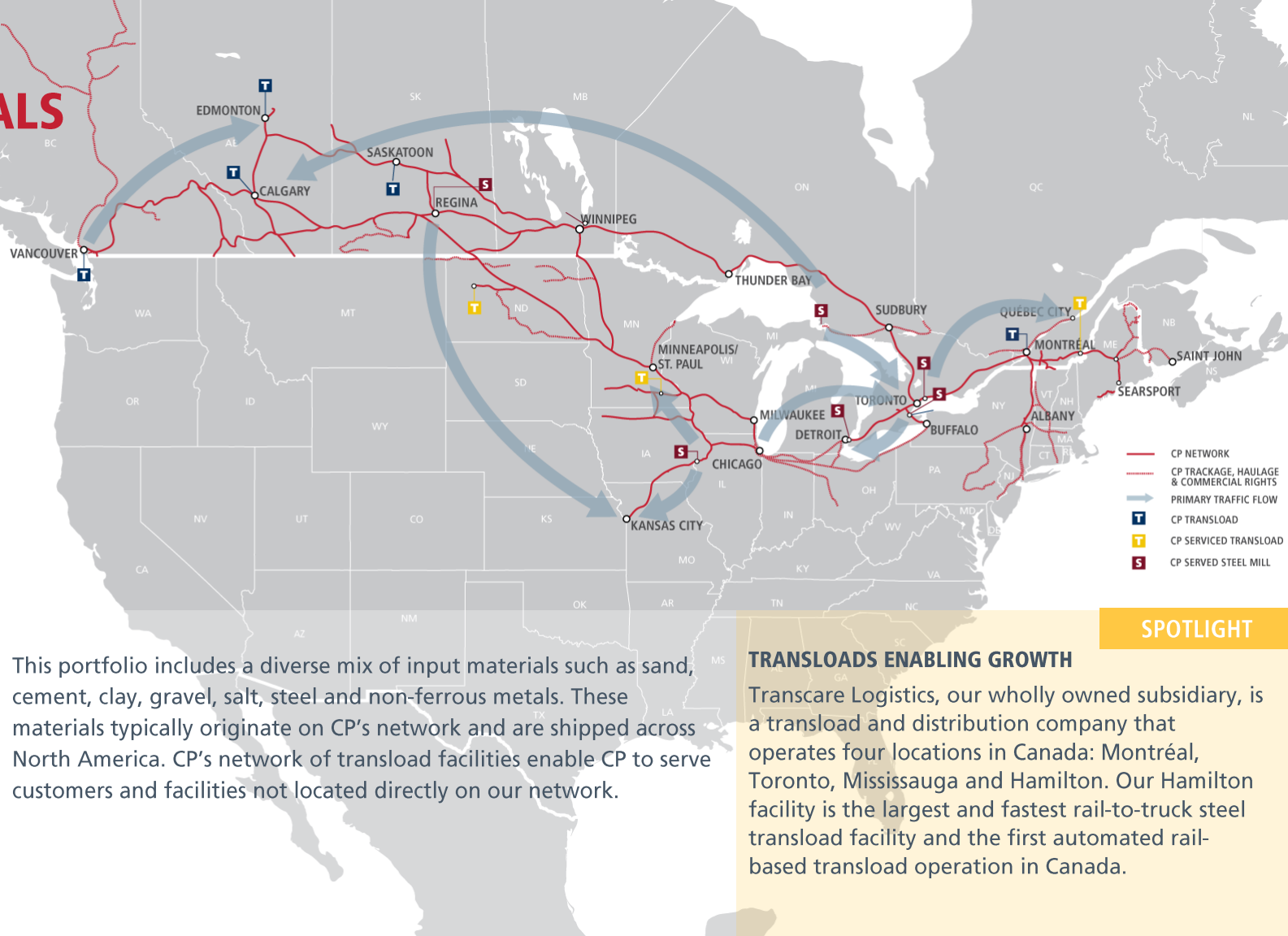
- Frac Sand 13%
- Other Aggregates 33%
- Steel 29%
- Consumer Products 19%
- Mines & Metals 6%

This portfolio includes a diverse mix of input materials such as sand, cement, clay, gravel, salt, steel and non-ferrous metals. These materials typically originate on CP's network and are shipped across North America. CP's network of transload facilities enable CP to serve customers and facilities not located directly on our network.

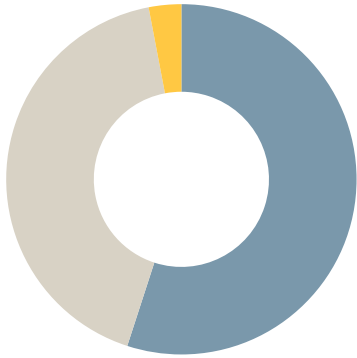
TRANSLOADS ENABLING GROWTH

Transcare Logistics, our wholly owned subsidiary, is a transload and distribution company that operates four locations in Canada: Montréal, Toronto, Mississauga and Hamilton. Our Hamilton facility is the largest and fastest rail-to-truck steel transload facility and the first automated rail-based transload operation in Canada.

SPOTLIGHT



MERCHANDISE FOREST PRODUCTS



- Pulp & Paper 55%
- Lumber & Panel 42%
- Other 3%

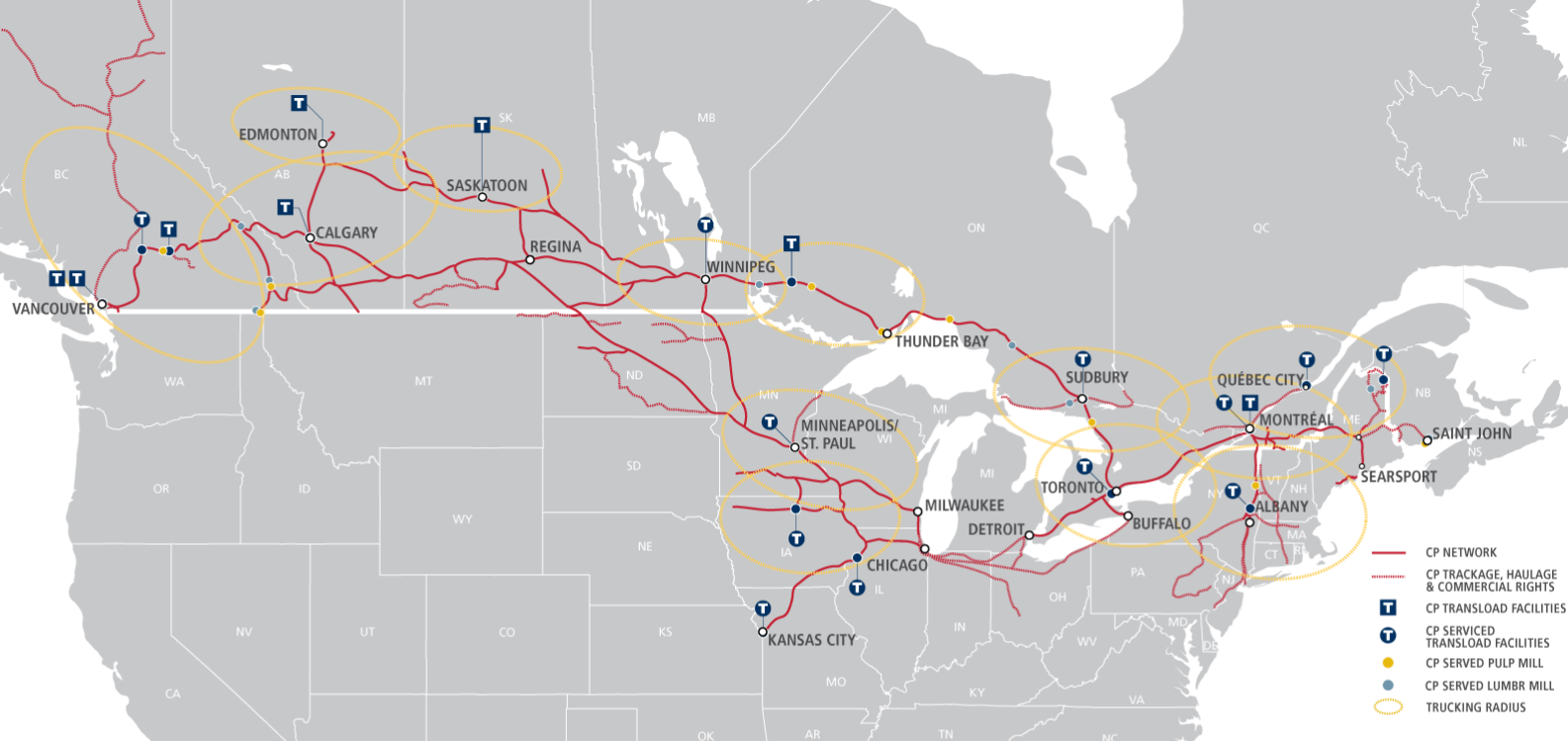
Our network is ideally situated to connect raw materials and finished products to market. We have abundant railcar supply and network capacity to capture emerging growth opportunities in forest products.

Our portfolio includes lumber, wood pulp, paper products and panel transported from key producing areas in Western Canada, Ontario and Québec to various destinations in North America and for export overseas.

E-COMMERCE DRIVING ADDITIONAL GROWTH IN FOREST PRODUCTS

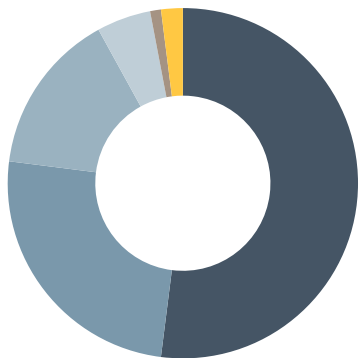
Our transload network extends our reach to non-rail served box and paperboard plants.

As e-commerce continues to gain in traction, CP's transload facilities and intermodal capabilities give us a competitive advantage to grow market share and benefit from increased demand for packaging materials.



SPOTLIGHT

MERCHANDISE AUTOMOTIVE

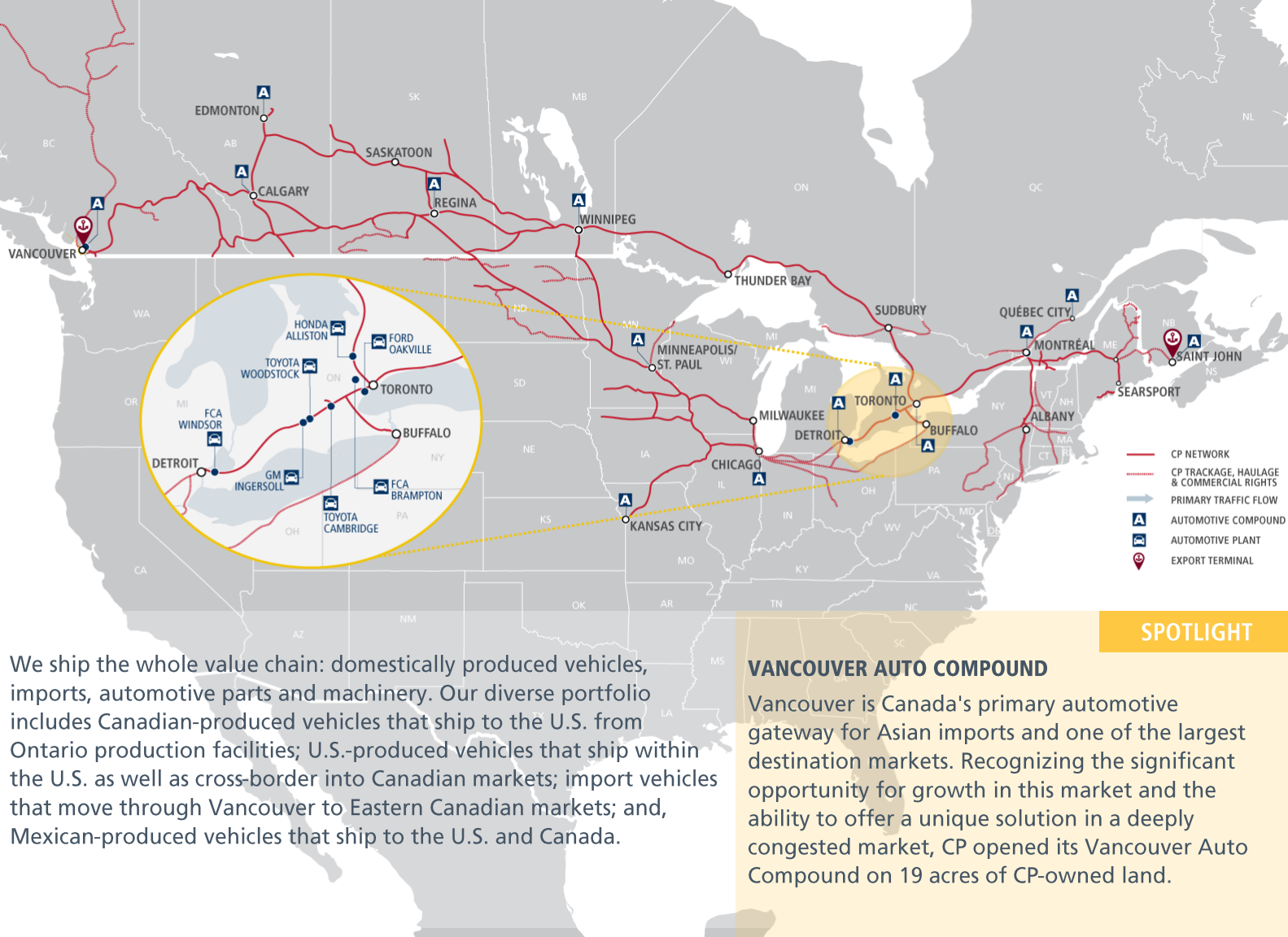


- **Finished Vehicles 97%**
Origin Canada 52%
Origin U.S. 25%
Imports 15%
Origin Mexico 5%
- **Machinery 1%**
- **Parts & Other 2%**

We ship the whole value chain: domestically produced vehicles, imports, automotive parts and machinery. Our diverse portfolio includes Canadian-produced vehicles that ship to the U.S. from Ontario production facilities; U.S.-produced vehicles that ship within the U.S. as well as cross-border into Canadian markets; import vehicles that move through Vancouver to Eastern Canadian markets; and, Mexican-produced vehicles that ship to the U.S. and Canada.

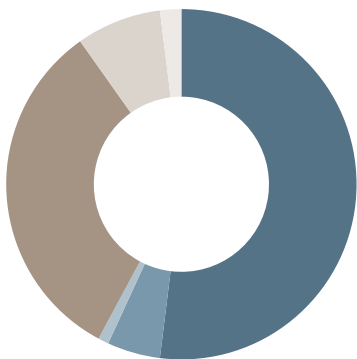
VANCOUVER AUTO COMPOUND

Vancouver is Canada's primary automotive gateway for Asian imports and one of the largest destination markets. Recognizing the significant opportunity for growth in this market and the ability to offer a unique solution in a deeply congested market, CP opened its Vancouver Auto Compound on 19 acres of CP-owned land.



SPOTLIGHT

INTERMODAL



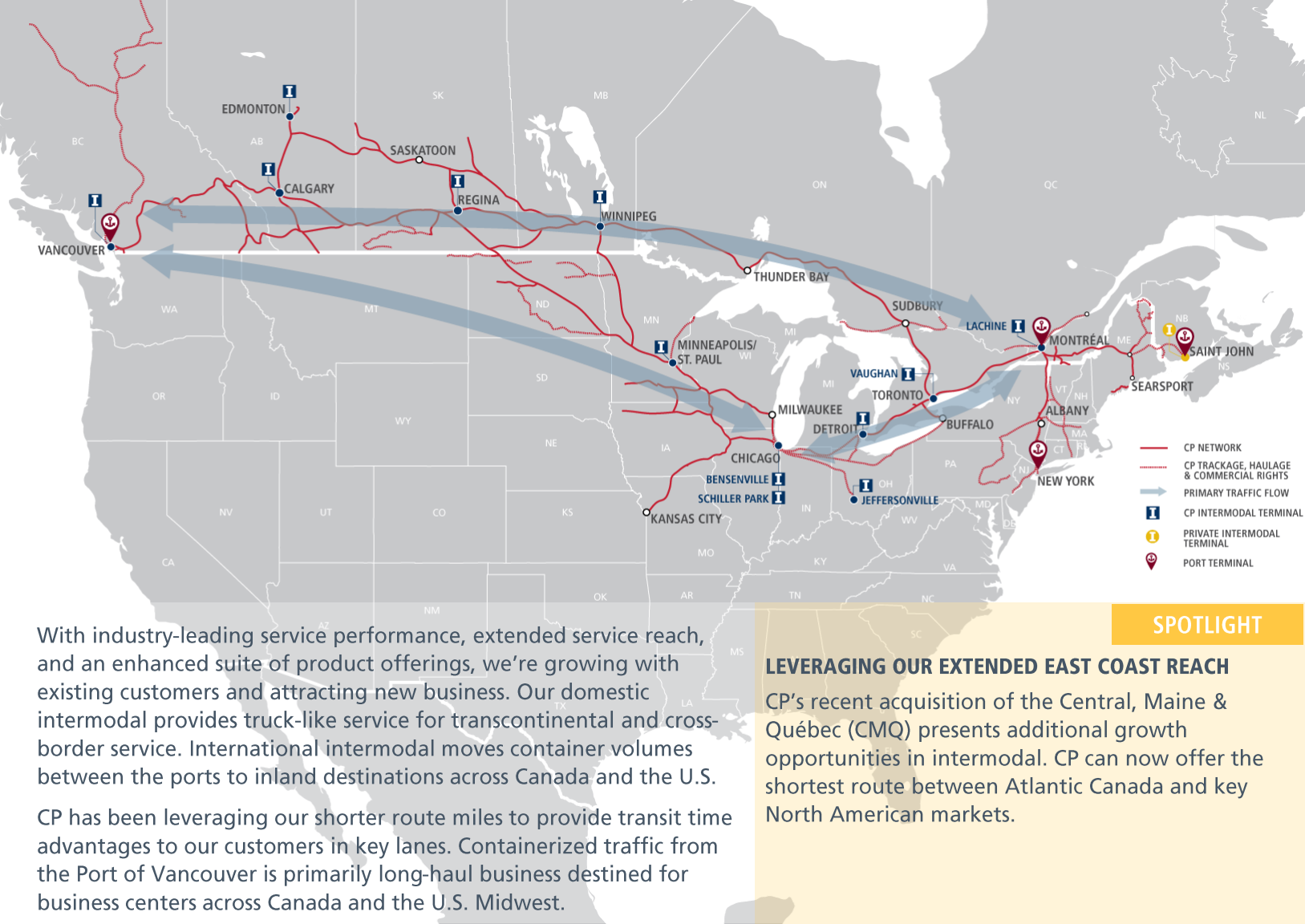
- Domestic Intermodal 58%**
 - Canada 53%
 - Cross-border 4%
 - U.S. 1%
- International Intermodal 42%**
 - Port of Vancouver 33%
 - Port of Montréal 7%
 - Other 2%

With industry-leading service performance, extended service reach, and an enhanced suite of product offerings, we're growing with existing customers and attracting new business. Our domestic intermodal provides truck-like service for transcontinental and cross-border service. International intermodal moves container volumes between the ports to inland destinations across Canada and the U.S.

CP has been leveraging our shorter route miles to provide transit time advantages to our customers in key lanes. Containerized traffic from the Port of Vancouver is primarily long-haul business destined for business centers across Canada and the U.S. Midwest.

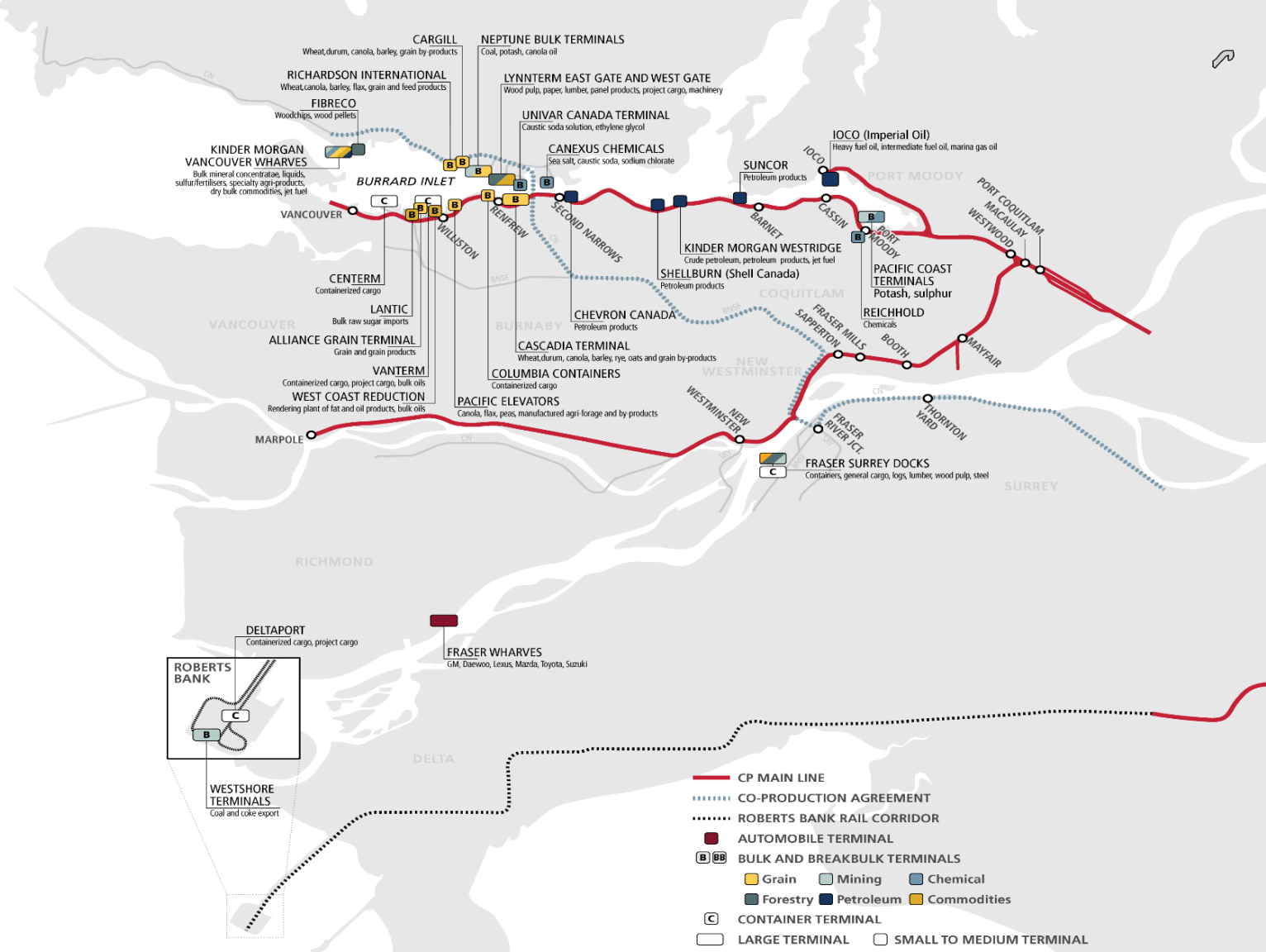
LEVERAGING OUR EXTENDED EAST COAST REACH

CP's recent acquisition of the Central, Maine & Québec (CMQ) presents additional growth opportunities in intermodal. CP can now offer the shortest route between Atlantic Canada and key North American markets.



SPOTLIGHT

PORT OF VANCOUVER



CENTRAL MAINE & QUÉBEC RAILWAY (CMQ)

STRATEGIC ACQUISITION

- **Deepwater port access** at Saint John and Searsport – provides CP with coast-to-coast access
- **Shortest routing** from the Maritimes to Montreal, Toronto, Chicago and Western Canada
- Opportunity to more than double revenues in 12-24 months
- **Investing in the CMQ network** to get it to CP safety and operational standards

