Minnesota Freight Advisory Committee

September 21, 2018
Headquartered in Calgary, Alberta, CP operates and owns a transcontinental freight railway in Canada and the United States, providing industry-leading transportation services and supply-chain solutions for a diverse book of business.

We provide a vital service to the economy by ensuring the efficient and reliable movement of commodities and goods, while remaining committed to safety and best-in-class customer service.
Full Year Operating Performance

Average train speed (miles per hour)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Speed</td>
<td>18.4</td>
<td>18.0</td>
<td>21.4</td>
<td>23.5</td>
<td>22.6</td>
</tr>
</tbody>
</table>

23% improvement

Average terminal dwell (hours)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
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<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwell</td>
<td>7.1</td>
<td>8.7</td>
<td>7.2</td>
<td>6.7</td>
<td>6.6</td>
</tr>
</tbody>
</table>

7% improvement

Fuel efficiency (gallons/1000 GTMs)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency</td>
<td>1.060</td>
<td>1.035</td>
<td>0.999</td>
<td>0.980</td>
<td>0.980</td>
</tr>
</tbody>
</table>

8% improvement

Average train length (feet)

<table>
<thead>
<tr>
<th>Year</th>
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<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Length</td>
<td>6,530</td>
<td>6,682</td>
<td>6,935</td>
<td>7,217</td>
<td>7,214</td>
</tr>
</tbody>
</table>

10% improvement
Capital Investment

- Reinvesting in the business is the first call on cash.
- Ongoing investments in replacing depleted assets ensure the long-term sustainability of our business.
- Network upgrades (new track, longer sidings, CTC) drive further productivity and capacity improvements.
- Rolling stock investments include locomotive modernization programs and investment in our grain hopper fleet.
Traffic Mix

% of 2017 Rail Revenue

TRAFFIC MIX
% OF 2017 RAIL REVENUE

- BULK
- MERCHANDISE
- INTERMODAL

- CANADIAN 24%
- US
- COAL 10%
- POTASH 6%
- FERTILIZER & SULPHUR 4%
- FOREST PRODUCTS 4%
- ENERGY, CHEMICALS & PLASTICS 14%
- METALS, MINERALS & CONSUMER PRODUCTS 12%
- DOMESTIC
- INTERNATIONAL
- INTERMODAL 21%
- AUTOMOTIVE 5%
CP Traffic Mix

- CROSS BORDER: 30%
  - CANADA TO U.S.: 22%
    - Grain and fertilizers: 8%
    - Energy, chemicals & plastics: 6%
    - Forest products: 3%
    - Automotive: 3%
    - Metals, minerals, consumer: 2%
  - U.S. TO CANADA: 7%
    - Grain and fertilizers: 1%
    - Energy, chemicals & plastics: 2%
    - Metals, minerals, consumer: 2%
    - Intermodal: 1%
    - Automotive: 1%
- MEXICO: 1%
  - Primarily energy, automotive, grain

% of 2017 freight revenues

- ASIA: 32%
- EUROPE: 5%
- DOMESTIC U.S.: 17%
- DOMESTIC CANADA: 17%
No other Class 1 railroad has had a lower train accident frequency than CP in the last 12 years.

<table>
<thead>
<tr>
<th></th>
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<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FRA Freq.</strong></td>
<td>1.80</td>
<td>1.26</td>
<td>1.41</td>
<td>1.12</td>
<td>0.99</td>
</tr>
<tr>
<td><strong>FRA Counts</strong></td>
<td>76</td>
<td>51</td>
<td>53</td>
<td>37</td>
<td>33</td>
</tr>
<tr>
<td><strong>ALL Freq.</strong></td>
<td>26.65</td>
<td>24.41</td>
<td>20.40</td>
<td>18.15</td>
<td>19.12</td>
</tr>
<tr>
<td><strong>All Counts</strong></td>
<td>1124</td>
<td>984</td>
<td>768</td>
<td>601</td>
<td>639</td>
</tr>
</tbody>
</table>

FRA TA Frequency 2013-2017
CP in Minnesota

- Major terminals at St. Paul, Glenwood, Thief River Falls, Waseca
- U.S. headquarters: Canadian Pacific Plaza at 120 S. 6th Street, downtown Minneapolis
- 1,155 miles of track plus 520 miles of trackage rights
- Soo Line Railroad, a wholly owned CP subsidiary, founded in 1880s under ownership of Minneapolis milling interests. CP acquired controlling interest by 1890 and full ownership in 1990
- Dakota, Minnesota & Eastern Railroad acquired in 2008.
- Hosts Amtrak ‘Empire Builder’ east of St. Paul
- Connections to all Class I railroads in the state. Additionally, CP connects with Twin Cities & Western; Rapid City, Pierre & Eastern; Progressive Rail; Minnesota Commercial; Northern Plains Railroad; Minnesota Northern Railroad; Cloquet Terminal Railroad
CP in the Twin Cities Metro area

- St. Paul Yard, near Pig’s Eye Lake, is the only hump-style classification yard on CP system-wide
- Containers move through the Shoreham terminal in Northeast Minneapolis
- Finished autos make truck connections at Cottage Grove
- The Minneapolis Operations Center controls train movements across CP’s U.S. network
St. Paul Yard
Adding capacity

- 435.3 miles of Centralized Traffic Control signaling, 2013-2016, between St. Paul and Canadian border at Portal, N.D.
- 14 extended sidings since 2013 in St. Paul-Portal corridor
- New sidings at Carrington, N.D., and Harpers Ferry, Iowa, 2015
- Six receiving tracks at Dunn Yard (part of St. Paul Yard) extended from 7,000 feet to 10,000 feet, 2015
- New, more efficient connection to BNSF in Northeast Minneapolis opened 2015
- More than 100 remanufactured heavy-haul locomotives will have joined the fleet by October
- As of Aug. 20, more than 700 employees in various stages of training
Grain

Canadian Grain 16% / U.S. Grain 8% of Freight Revenue
- Canadian Regulated 46%
- Canadian Non-regulated 20%
- U.S. Domestic 22%
- U.S. Export 12%
**Grain**

**Dedicated to Grain**

CP plans to invest a half billion dollars in new, highly efficient hopper cars.

- **BIGGER**
  - 93 tonnes of wheat
  - 102 tonnes of wheat
  - +10% Weight capacity per car over government hoppers
  - +15% Additional cubic volume per car over government hoppers

- **SHORTER**
  - 59 ft
  - 56 ft
  - 5% SHORTER THAN GOVERNMENT HOPPERS
    - Allowing for more cars per dedicated train

- **TODAY: 7,000 FT DEDICATED TRAIN**
  - 112 cars
  - 118 cars
  - 10,400 tonnes of wheat
  - 12,040 tonnes of wheat
  - 16% INCREASE PER TRAIN
    - New hopper cars allow for faster loading and unloading
    - More reliable fleet, reducing maintenance related delays

- **FUTURE: 8,500 FT HIGH EFFICIENCY TRAIN**
  - 147 cars
  - 15,000 tonnes of wheat
  - 44% INCREASE PER TRAIN
    - New hopper cars coupled with 474,630 ft high efficiency dedicated track would add significant capacity for the movement of grain

- CP will spend a half-billion dollars on approximately 5,900 new grain cars
- 5,431 cubic feet in each car
- Three-pocket design enables faster loads/unloads
- Shorter frame enables more cars in a train of the same length
- First cars to arrive in coming months
- CP does not segregate grain fleet across the border, so new cars will serve in U.S. and Canada
- Grain train of the future: 8,500 feet, up to 147 cars
Intermodal

- Domestic Intermodal 12% / International Intermodal 9% of Freight Revenue
- Domestic Canada 51%
- Domestic U.S. 1%
- Domestic Cross Border 7%
- Ports 38%
- Other International 3%
Portal Live Lift

• Opened 2017 at Portal, N.D.
• Eliminates delays to shipments passing through U.S. Customs
• Expedites service in Vancouver-Calgary-Minneapolis-Chicago intermodal corridor
Service on the CP network

• Challenges early in 2018: cold weather, tight crews
• With substantial hiring, network is now fluid
• Average weekly RTMs for four weeks ending 9/8/2018: 3.079b
• Average weekly RTMs for four weeks ending 9/9/2017: 2.762b
• That’s a rise of 317 million RTMs year over year, or 11.5%
• Four-week average train speed: 21.4 mph
• Four-week average terminal dwell: 7.1 hours
• Source: www.cpr.ca, see “Key Metrics”
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