



NEWS

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Release: May 27, 2021

Canadian Pacific Comments on Inadequate Commitment from Canadian National to Divest KCS Line Between New Orleans and Baton Rouge

Commitment Does Not Eliminate Anti-Competitive Issues with CN Proposal

May 27, 2021 – CALGARY – Canadian Pacific Railway Limited (TSX: CP) (NYSE: CP) today issued the following statement in response to Canadian National's ("CN") commitment to divest Kansas City Southern's ("KCS") line between New Orleans and Baton Rouge:

CN's commitment to divest this 70-mile line is clear recognition by CN that it and KCS have always been head-to-head competitors, contrary to CN's repeated claims that the combination was "end-to-end." However, CN's commitment does not come close to solving the anti-competitive problems inherent in the proposed CN/KCS transaction.

In particular, this token divestment would not begin to address the competitive issues in the rail corridors running north from Louisiana and Mississippi through America's heartland, where KCS and CN have historically competed. It does not address many shippers and stations that are today served by both KCS and CN in markets like Omaha/Council Bluffs, Jackson, MS, Springfield, IL, and St. Louis. It does not address geographic competition between CN and KCS in numerous areas where each of them competes to handle similar commodities to/from different shippers, terminals, and transloads in the same region. And it does not address the impact a CN/KCS combination would have on customer access to CP routes serving the Upper Midwest and Canada. Rail customers in all of these situations likely would see reduced competitive options as well as reduced service quality and infrastructure investments as a result of the CN transaction.

If this divestment occurred, it is not clear it would be effective even in addressing the loss of competition for shippers on KCS' line between Baton Rouge and New Orleans. CN offers no details regarding to whom and on what terms the divestment would be carried out, despite those details mattering to competition. And during the year and a half when CN would be seeking to close their acquisition of KCS, competition in this corridor would be diminished as CN and KCS managers each would know that their railroads' profits flowed to the same owner – CN. Furthermore, if CN is allowed to hold KCS in trust for the three-and-a-half years as it proposes – an arrangement that leaves CN the winner whether it competes or not – shippers will lose competition during that entire period regardless of the outcome of the Surface Transportation Board approval process. This goes directly to the concerns raised by the Department of Justice about incentives while in trust and, in our view, is inconsistent with the public interest.

FORWARD-LOOKING STATEMENTS AND INFORMATION

This news release includes certain forward-looking statements and forward looking information (collectively, FLI). FLI is typically identified by words such as "anticipate", "expect", "project", "estimate", "forecast", "plan", "intend", "target", "believe", "likely" and similar words suggesting future outcomes or statements regarding an outlook. All statements other than statements of historical fact may be FLI.

Although we believe that the FLI is reasonable based on the information available today and processes used to prepare it, such statements are not guarantees of future performance and you are

cautioned against placing undue reliance on FLI. By its nature, FLI involves a variety of assumptions, which are based upon factors that may be difficult to predict and that may involve known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by these FLI, including, but not limited to, the following: changes in business strategies and strategic opportunities; 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; the ability of management of CP, its subsidiaries and affiliates to execute key priorities; 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, including competition from other rail carriers, trucking companies and maritime shippers in Canada and the U.S.; North American and global economic growth; industry capacity; shifts in market demand; changes in commodity prices and commodity demand; 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; 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 CP's budgeted capital expenditures in carrying out CP's business plan; services and infrastructure; the satisfaction by third parties of their obligations to CP; 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 and the U.S.; climate change and the market and regulatory responses to climate change; anticipated in-service dates; success of hedging activities; operational performance and reliability; regulatory and legislative decisions and actions; 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; and the pandemic created by the outbreak of COVID-19 and resulting effects on CP's business, operating results, cash flows and/or financial condition, as well as 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.

We caution that the foregoing list of factors is not exhaustive and is made as of the date hereof. Additional information about these and other assumptions, risks and uncertainties can be found in reports and filings by CP with Canadian and U.S. securities regulators. Reference should be made to "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Statements" in CP's annual and interim reports on Form 10-K and 10-Q. Due to the interdependencies and correlation of these factors, as well as other factors, the impact of any one assumption, risk or uncertainty on FLI cannot be determined with certainty.

Except to the extent required by law, we assume no obligation to publicly update or revise any FLI, whether as a result of new information, future events or otherwise. All FLI in this news release is expressly qualified in its entirety by these cautionary statements.

ABOUT CANADIAN PACIFIC

Canadian Pacific (TSX: CP) (NYSE: CP) is a transcontinental railway in Canada and the United States with direct links to major ports on the west and east coasts. CP provides North American customers a competitive rail service with access to key markets in every corner of the globe. CP is growing with its customers, offering a suite of freight transportation services, logistics solutions and supply chain expertise. Visit www.cpr.ca to see the rail advantages of CP. CP-IR

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