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North America's Largest Railroad Operating Union Joins Others and Calls on STB to Reject CN Voting Trust

SMART-TD says it expects voting trust approval will "negatively affect employees, shippers and most importantly public safety"

More than 130 shippers, communities, labor organizations, and other stakeholders have already communicated opposition to CN's voting trust proposal directly to the STB

CALGARY – June 15, 2021 – Canadian Pacific Railway Limited (TSX: CP) (NYSE: CP) ("CP") announced today that SMART-Transportation Division ("SMART-TD"), North America's largest railroad operating union, has submitted a letter urging the Surface Transportation Board ("STB") to reject Canadian National's ("CN") proposed use of a voting trust.

SMART-TD joins a growing list of shippers, communities, labor unions and other stakeholders who have voiced opposition to CN's voting trust as part of its proposal to combine with Kansas City Southern ("KCS"). In a letter to the STB, SMART-TD President Jeremy Ferguson writes:

"The approval of the CN voting trust by the STB would be risky for the railway industry and quite possibly will negatively impact our involved SMART-TD members. Approval of the CN voting trust proposal would harm employees of both KCS and CN due to the amount of debt CN will carry and the real possibility that the CN transaction would fail the regulatory test in the end.

"The CN/KCS transaction is the opposite of an end-to-end merger and would be anti-competitive due to the overlap of existing rail lines and affected customers. The CN already has a high capacity mainline route from Chicago, IL straight to New Orleans, LA, therefore with CN acquiring KCS there would be no need for parallel routes such as the KCS line from Kansas City through to New Orleans.

"If the CN voting trust and proposed merger were granted approval, we fully expect significant job losses on either CN or KCS because ultimately the transaction would require either a sale or abandonment of duplicative rail lines. The consequences for SMART-TD members would be uncertain, adverse, and certainly contrary to the public interest."

In contrast, the SMART-TD letter says of Canadian Pacific's proposed combination with KCS: "we anticipate growth in both rail businesses and jobs for SMART-TD members."

Additional Union Concerns about a CN/KCS transaction

The Transportation Communications Union/IAM ("TCU") separately noted in a recent letter to the STB that the CN/KCS transaction is not end-to-end and could have long-lasting impacts: "...railroad workers lose with CN's proposed voting trust. The consequences for TCU's members and Union Brothers and Sisters will likely be adverse and contrary to the public interest."



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District Lodge 19 of the International Association of Machinists and Aerospace Workers, AFL-CIO, and the Teamsters Canada Rail Conference-MWED have also filed letters with the STB opposing the CN/KCS voting trust. Those labor organizations join more than 130 shippers, communities and other stakeholders writing directly to the STB in opposition to CN's voting trust proposal.

Public Comment Period for CN Voting Trust

The next two weeks, leading up to the STB's June 28 deadline, and the STB's subsequent deliberations, will determine the course of competition for U.S. railroading and North American commerce for the next 150 years.

Now is the time for stakeholders to voice their concerns about whether CN should be able to lock in its anti-competitive plan to buy KCS via a voting trust. Stakeholders can express their concerns directly to the STB.

Allowing CN to close into trust would not be in the public interest because its approval would pre-judge STB review, harm competition, risk CN shifting financial burdens to shippers, and pave the way for additional U.S. rail consolidation. CN's arguments in favor of a trust amount to the claim that CN and KCS should be able to decide what is in the public interest based on which railroad is offering more money to acquire KCS – that argument elevates private interests over the public interest.

CP maintains that a CP-KCS combination is the only viable Class 1 merger that serves the best interests of customers and stakeholders, but also the continent's rail network to enable a new corridor of investment and capacity for the North American economy to grow.

For more information on the transaction and the benefits CP-KCS is expected to bring to the full range of stakeholders, visit FutureForFreight.com.

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



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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.



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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

Contacts:

Media

Alert_MediaRelations@cpr.ca

Investment Community

Chris De Bruyn
Tel: 403-319-3591
investor@cpr.ca