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Ag Industry Voices Opposition to CN-KCS' Proposed Use of Voting Trust, Share Anti-Competitive Concerns

Stakeholders from the Upper Midwest to Gulf Coast Among List of 330-plus Saying CN-KCS Combination Would Reduce Shipping Options

CALGARY - June 24, 2021 – Canadian Pacific Railway Limited (TSX: CP) (NYSE: CP) (“CP”) today announced that grain and other shippers across North Dakota, South Dakota and Minnesota have submitted letters to the Surface Transportation Board (“STB”) opposing Canadian National (“CN”) and Kansas City Southern’s (“KCS”) combination, its use of a voting trust, or both.

The economy in the U.S. Upper Plains depends on agriculture and 80 percent of the grain leaving the region moves by rail. The letters describe how a potential CN-KCS combination and its proposed use of a voting trust would see reduced options for agricultural shippers in the Upper Midwest leaving them fewer direct competitive options, and eliminating the new network of shipping options a CP-KCS combination would create.

Excerpts from the letters written by agriculture industry associations representing hundreds of farmers, grain elevator operators, and other agribusinesses involved in grain, feed, fertilizer and farm supply products included:

- “...CN would get stronger by absorbing KCS’s system, much of which is broadly parallel to CN’s existing U.S. network. This implies rationalization of assets, not investment in new competitive routes. And it implies a loss of competitive options – both concrete multi-railroad access to individual shippers and more subtle benefits of having multiple railroads near one another to serve as ‘geographically competitive’ options for transload shipments, grain moving to alternate elevators/terminals, build-ins and build-outs, and other means.” -- *North Dakota Grain Growers Association*
- “The costs of allowing a voting trust here, however are quite significant...First, from our perspective, the most significant cost associated with allowing CN to use a voting trust to complete its acquisition of KCS is the adverse impact that would have on existing competition between KCS and CN.” -- *Minnesota Grain & Feed Association*
- “Ultimately, we agree with the U.S. Department of Justice’s observation that ‘threats to competition would be present immediately after the CN voting trust is consummated.’” -- *South Dakota Grain & Feed Association*

On Monday, June 21, CP submitted letters to the STB on behalf of concerned stakeholders across North America, bringing the total letters and statements expressing concern about CN or the use of a voting trust to more than 330. That includes shippers that could lose shipping options in the New Orleans to Baton Rouge corridor if CN’s voting trust is approved.



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Public Comment Period for CN Voting Trust

In line with the public comment period for CN's proposed voting trust, CP plans to file comments no later than June 28, explaining why the public interest costs of CN's proposed voting trust outweigh the non-existent benefits. This public comment period, 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.

Importantly, the STB has already approved CP's use of a voting trust and affirmed KCS' waiver from the new rail merger rules it adopted in 2001 because a CP-KCS combination is truly end-to-end, pro-competitive, and the only viable Class 1 combination.

As previously announced, CP is continuing to pursue its application process to acquire KCS so that the pro-competitive CP-KCS combination can be reviewed by the STB and implemented without undue delay, in the event KCS' agreement with CN is terminated or CN is otherwise unable to acquire control of KCS.

For more information on the benefits of a CP-KCS combination and the risks that a CN-KCS transaction would pose to the railway industry and North America, 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 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



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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



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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