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## **CP responds to STB's June 28 schedule for public comment on CN-KCS voting trust proposal**

*CN voting trust is not in the public interest; 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*

*The next 20 days will determine the course of competition for U.S. railroading and North American commerce for the next 150 years*

CALGARY – June 8, 2021 – Canadian Pacific Railway Limited (TSX: CP) (NYSE: CP) ("CP") today issued the following statement in response to the Surface Transportation Board's ("STB") [schedule](#) calling for comments by June 28 on Canadian National's ("CN") use of a voting trust in connection with its proposed combination with Kansas City Southern ("KCS"):

CP looks forward to the STB's review of CN's proposed voting trust under the 2001 merger rules. As noted previously by the STB, voting trusts are a "privilege, not a right" and "should not be used routinely, but rather should be available only for those rare occasions when their use would be beneficial." Accordingly, before CN is allowed to use a voting trust, the STB must decide that "the proposed use of a voting trust in a potential CN-KCS transaction is 'consistent with the public interest'" based on consideration of "both the potential benefits and costs of such use."

No later than June 28, as spelled out in today's schedule, CP plans to file comments explaining why the public interest costs of CN's proposed voting trust outweigh the non-existent benefits. We look forward to fully participating in this public interest review along with other concerned stakeholders from across the transportation supply chain. More than 130 shippers, communities, labor organizations, and other stakeholders have already communicated opposition to CN's voting trust proposal directly to the STB. The next 20 days, 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.

CP remains confident that the STB will ultimately reject CN's proposal to use a voting trust. 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.

The Department of Justice ("DOJ") raised serious competitive concerns about CN's proposed voting trust on May 14, contending that "the Board should not permit the proposed CN voting trust because CN's proposed acquisition of KCS appears to pose greater risks to competition than the risks posed by a CP-KCS merger." The DOJ further stated that "threats to competition would be present immediately after the CN voting trust is consummated." These threats cannot be overcome by the divestiture CN has proposed because that



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divestiture would be both too narrow and too late – coming only after the voting trust period would have ended.

Because CN's agreement with KCS may not be capable of consummation, CP is proceeding with preparing our full merger application seeking authority from the STB to acquire control of KCS. The STB has already approved CP's use of a voting trust and affirmed the application of the pre-2001 merger rules because a CP-KCS combination is truly end-to-end and pro-competitive.

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 it is expected to bring to the full range of stakeholders, visit [FutureForFreight.com](http://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 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



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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](http://www.cpr.ca) to see the rail advantages of CP. CP-IR

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