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CP Comments on Biden Executive Order Addressing Competition in the American Economy

CP-KCS combination offers a non-regulatory means to further executive order's goals for competition and passenger access to the freight rail network, whereas CN-KCS would reduce competition and impede passenger service

CALGARY – July 9, 2021 – Canadian Pacific Railway Limited (TSX: CP) (NYSE: CP) said today that the executive order signed by President Biden addressing competition in the U.S. economy sends clear messages: no rail mergers that reduce competition or hurt passenger service and that the U.S. economy needs more competition among railways.

A CP-KCS combination would be a positive step toward more competition – not less – in the freight rail industry with no need for regulatory solutions. In contrast, a proposed CN-KCS combination creates competitive issues and reduces options for rail customers that will require additional regulation to overcome.

Additionally, CN-KCS brings with it more challenges for existing Amtrak service on CN's lines south of Chicago that already have a history of operating issues and one of the worst on-time performance records in the industry, and challenges for the desired establishment of future passenger service in Louisiana.

In contrast, CP has consistently received an A rating from Amtrak, leading the industry for the previous five years-plus, in its annual host railroad report card recognizing its industry-leading on-time performance record. CP is also the first Class I railroad to complete 100 percent certification of its Amtrak schedules. CP is supportive of working with all stakeholders to introduce intercity passenger rail service between New Orleans and Baton Rouge, an outcome that comes with far more capacity and operational flexibility, and less risk to Louisiana taxpayers.

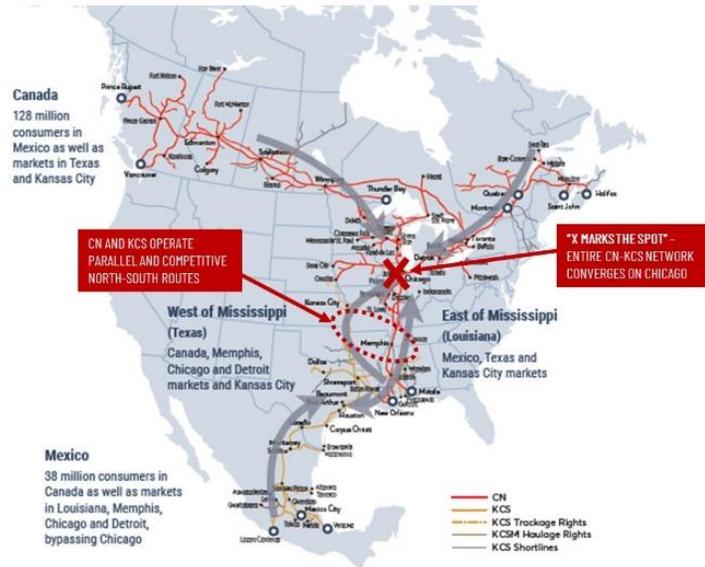
CN's own map (below) highlights the parallel route structure of a combined CN-KCS system that would funnel all of its traffic through Chicago. CN wrongly argues that the only rail competition worth protecting is where a shipper would suffer a reduction from two to one serving railroad. Even for those shippers, CN cannot solve the problems its deal creates. The proposed divestiture solution for the Baton Rouge to New Orleans corridor fails to solve the underlying competitive problem as it touches only the last mile for certain shippers, while failing to address the reduction in competitive alternatives inherent in combining these two railroads' parallel route structures.



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Promises, promises...

CN keeps adding promises that are no more than band-aid solutions to the competition problems CN-KCS would create. The promises keep stacking up and now include:

- A commitment to ensuring robust competition during the trust period
- A divestiture of a 70-mile segment, still lacking in important details
- Maintaining the level of capital spending on critical KCS lines south of Kansas City
- Keeping KCS intact if it's divested
- A bottleneck rate commitment that CN claims would preserve CP-KCS routes as competition against CN

All of these promises would require regulatory oversight to enforce, and none would preserve true structural competition like the CP-KCS combination would create. A CP-KCS combination offers all the same benefits – and more – to rail shippers and the supply chain with none of these harms, or need to enforce CN's growing list of promises through regulation. The CP-KCS combination:

- Unlocks new capacity for Amtrak passenger service, rather than interfering with passenger service between Baton Rouge and New Orleans and south of Chicago
- Creates single line routes to all the markets that a CN-KCS network would reach
- Brings new competition to and from Upper Midwest markets dominated by BNSF or UP that CN-KCS cannot address
- Creates new competition versus CN that CN-KCS actually eliminates



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- Has a route network that does not funnel all of its traffic through the congested Chicago area

CP-KCS would be better for Amtrak and achieves the goals of President Biden's executive order, while CN-KCS would reinforce the problems the order is trying to solve.



CP-KCS remains 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



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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



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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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