



NEWS

www.cpr.ca (TSX:CP) (NYSE:CP)

CP Welcomes KCS Stockholder Vote Adopting CP-KCS Merger Agreement

CALGARY – Dec. 10, 2021 – Canadian Pacific Railway Limited (TSX: CP, NYSE: CP) (“CP”) today welcomed the results of a vote by Kansas City Southern (“KCS”) stockholders in strong support of the proposed CP-KCS combination.

“This week, shareholders of both CP and KCS overwhelmingly supported this transformative proposal to create the first U.S.-Mexico-Canada rail network,” said Keith Creel, CP President and Chief Executive Officer. “With strong shareholder support, we are excited to complete the steps required to close the CP-KCS transaction into the voting trust, a critical milestone in the journey to make Canadian Pacific Kansas City a reality.”

CP shareholders voted in favor of the combination during a special meeting on Wednesday, Dec. 8, 2021. Today, KCS stockholders also voted in favour of a proposal to adopt the CP-KCS merger agreement.

The transaction is expected to close into trust on Dec. 14, 2021. At the closing into trust, KCS common stockholders will receive 2.884 CP common shares and \$90¹ in cash for each share of KCS common stock held and KCS preferred stockholders will receive \$37.50 in cash for each share of KCS preferred stock held, and, following completion of certain transactional steps, all shares of capital stock of the successor to KCS will be placed into trust.

As previously announced on Sept. 15, 2021, CP has agreed to acquire KCS in a stock and cash transaction representing an enterprise value of approximately \$31 billion, which includes the assumption of \$3.8 billion of outstanding KCS debt. The transaction, which has the unanimous support of both boards of directors, values KCS at \$300 per share, representing a 34% premium, based on the CP closing price on Aug. 9, 2021, the date prior to which CP submitted a revised offer to acquire KCS, and KCS’s unaffected closing price on March 19, 2021.²

On Sept. 30, 2021, the U.S. Surface Transportation Board (“STB”) reaffirmed that it approved the use of a voting trust for the transaction. The conditions to closing into voting trust include receipt of approval from the shareholders of both companies along with the satisfaction of other customary closing conditions, including receipt of Mexican regulatory approvals. Required Mexican regulatory approvals were received in November.

CP control of KCS remains subject to the approval of the STB. On Nov. 23, 2021, the STB formally accepted the CP-KCS control application and issued a procedural schedule. The STB’s review is expected to be completed in the fourth quarter of 2022.

Additional information regarding the combination can be found in the management proxy circular dated Nov. 1, 2021, which has been filed with both Canadian and U.S. securities regulators, including with the U.S. Securities and Exchange Commission (“SEC”).

¹ Except where noted, all figures are in U.S. dollars.

² Based on KCS closing share price of \$224.16 as of March 19, 2021 and CP closing share price of CAD\$91.50 (at 1.2565 FX rate) as of Aug. 9, 2021.

For information on the benefits of a CP-KCS combination, visit FutureForFreight.com.

Forward-Looking Statements and Information

This news release includes certain forward looking statements and forward looking information (collectively, FLI) about CP, KCS and their respective subsidiaries and affiliates. FLI is typically identified by words such as “anticipate”, “expect”, “project”, “will”, “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: the timing and completion of the transaction and the combination of CP and KCS, including receipt of regulatory approvals and the satisfaction of other conditions precedent; interloper risk; the realization of anticipated benefits and synergies of the transaction and the timing thereof; the success of integration plans; the focus of management time and attention on the transaction and other disruptions arising from the transaction; changes in business strategy and strategic opportunities; the actions and decisions of applicable regulatory bodies, including the STB; 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 which may negatively impact the value of consideration offered to KCS common stockholders; the ability of management of CP, its subsidiaries and affiliates to execute key priorities, including those in connection with the transaction; general Canadian, U.S., Mexican 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, the U.S. and Mexico; 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 and KCS; 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 budgeted capital expenditures in carrying out business plans; services and infrastructure; the satisfaction by third parties of their obligations; 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, the U.S. and Mexico; climate change and the market and regulatory responses to climate change; ability to achieve commitments and aspirations relating to reducing greenhouse gas emissions and other climate-related objectives; anticipated in-service dates; success of hedging activities; operational performance and reliability; customer, regulatory and other stakeholder approvals and support; regulatory and legislative decisions and actions; the adverse impact of any termination or revocation by the Mexican government of Kansas City

Southern de Mexico, S.A. de C.V.'s Concession; 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; material adverse changes in economic and industry conditions, including the availability of short and long-term financing; and the pandemic created by the outbreak of COVID-19 and its variants, and 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 and KCS with Canadian and U.S. securities regulators, including any proxy statement, prospectus, material change report, management information circular or registration statement filed, or to be filed, in connection with the transaction. 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 and KCS's annual and interim reports on Forms 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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